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ASX RELEASE

13 January 2012

Dear Shareholder

GENERAL MEETING

We are pleased to invite you to attend a General Meeting of Toro Energy Limited ("Toro") which is to be held in the Terrace Lounge, Somerset St Georges Hotel, 185 St Georges Terrace, Perth, Western Australia on Monday 13 February 2012 commencing at 2.00pm.

On 18 November 2011, Toro announced the execution of a Letter of Intent with OZ Minerals Ltd ("OZL") for the termination of the Tenements Access Agreement ("TAA") between OZL and Toro over EL4025, EL4132, EL4283, EL4390, referred to as the Mt Woods Project located in South Australia. Toro will receive \$3.75m from OZL as consideration for terminating the agreement.

In accordance with ASX Listing Rule 10.1, Toro is required to obtain shareholder approval of the transaction as it is disposing of a substantial asset to a substantial shareholder, being OZ Minerals Limited, which holds 42.06% of Toro's issued share capital.

The Directors of Toro (other than OZL nominee, Mr Andrew Coles) recommend that you vote in favour of the resolution to terminate the TAA in consideration of \$3.75m being paid to Toro by OZL. Andrew Coles abstained from making a recommendation due to his position of Chief Financial Officer at OZ Minerals.

Supporting the Director's recommendation is an Independent Expert's Report which is attached to the Explanatory Notes.

For the purposes of obtaining shareholder approval a General Meeting has been called for 13 February 2012.

Please find enclosed a Notice of Meeting and Explanatory Notes which provide further detail and a Proxy Form to enable you to vote on the resolution. In addition, online voting is available, details of which are explained on the Proxy Form.

www.toroenergy.com.au

info@toroenergy.com.au

ACN: 117 127 590

ASX: TOE

142496_016MIC

916CR_0_Sample_Proxy/000001/000002



If you are unable to attend the meeting in person, we encourage you to return the enclosed Proxy Form or alternatively nominate a proxy online.

Please complete the online nomination or return the manual Proxy Form by post or fax to Toro's Share Registry, Computershare Investor Services, so it is received by 2:00pm (WST) on 11 February 2012.

Yours sincerely,

A handwritten signature in black ink, appearing to read "ESM", with a long horizontal stroke extending to the right.

Erica Smyth
Chairman



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NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of Shareholders of Toro Energy Limited will be held at The Terrace Lounge, Somerset St Georges Hotel, 185 St Georges Terrace, Perth, Western Australia on Monday 13 February 2012 at 2.00 pm (Perth time).

Special Business

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:-

Termination of Varied Tenements Access Agreement

"That for the purposes of ASX Listing Rule 10.1, the termination of the Varied Tenements Access Agreement on the terms described in the Explanatory Notes which accompany the Notice of Meeting, is approved."

Dated 13 January 2012

**BY ORDER OF THE BOARD
TORO ENERGY LIMITED**

A handwritten signature in black ink, appearing to read "Donald Stephens", is written over a light grey horizontal line.

**DONALD STEPHENS
COMPANY SECRETARY**

EXPLANATORY NOTES

The Explanatory Notes accompanying this Notice of General Meeting are incorporated in and comprise part of this Notice of General Meeting, and should be read in conjunction with this Notice.

Shareholders are specifically referred to the Glossary in the Explanatory Notes which contains definitions of capitalised terms used both in this Notice of General Meeting and the Explanatory Notes.

VOTING EXCLUSION STATEMENT

In accordance with the ASX Listing Rules, the Company will disregard any votes cast on the Resolution by OZ Minerals Ltd ACN 005 482 824 and any of its associates.

However, the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

VOTING/PROXIES

Please note that:

- a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- a proxy need not be a member of the Company; and
- a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

A proxy form is enclosed with this Notice.

A proxy form and proxy appointment authorities may be lodged:

- **In Person**
 - at the registered office of Toro Energy Limited, or
 - Share Registry – Computershare Investor Services Pty Limited, Level 5, 115 Grenfell Street, Adelaide, South Australia, 5000, Australia.
- **By Mail**
 - to the registered office of Toro Energy Limited, or
 - Share Registry – Computershare Investor Services Pty Limited, GPO Box 242, Melbourne, Victoria, 3001, Australia.
- **By Facsimile**
 - to 1800 783 447 (within Australia) or +61 3 9473 2555 (outside Australia)

Vote Online

Shareholders can also cast their votes online at www.investorvote.com.au and follow the prompts. To use this facility, you will need your holder number (SRN or HIN), postcode and control number as shown on your proxy form. You will have been taken to have signed the proxy form if you lodge it in accordance with the instructions on the website.

Custodian Voting

For Intermediary Online subscribers only (Custodians) please visit www.intermediaryonline.com to submit your voting intentions.

Sections 250BB and 250BC

New sections 250BB and 250BC of the Corporations Act took effect on 1 August 2011 and apply to voting by proxy on or after 1 August 2011 (whether or not the proxy was appointed before, on or after that date). Shareholders and their proxies should be aware of these changes to the Corporations Act, as they will apply to this Meeting. Broadly, the changes mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

More details on these changes is provided below.

Proxy vote if appointment specifies way to vote -

Section 250BB provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote that way (that is, as directed);

- if the proxy is the chair of the meeting at which the resolution is voted on – the proxy must vote on a poll, and must vote that way (that is, as directed); and
- if the proxy is not the chair – the proxy need not vote on the poll, but if the proxy does so, the proxy must vote that way (that is, as directed).

Transfer of non-chair proxy to chair in certain circumstances -

Section 250BC provides that if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the company's members;
- the appointed proxy is not the chair of the meeting;
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
 - the proxy is not recorded as attending the meeting; or
 - the proxy does not vote on the resolution,

the chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

“SNAP-SHOT” TIME

The Company may specify a time, not more than 48 hours before the meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the meeting. The Company's directors have determined that all Shares of the Company that are quoted on ASX as at 11.59 pm (Perth time) on 11 February 2012 shall, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

CORPORATE REPRESENTATIVE

Any corporate Shareholder who has appointed a person to act as its corporate representative at the meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or registry in advance of the meeting or handed in at the meeting when registering as a corporate representative.



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EXPLANATORY NOTES

Introduction

These Explanatory Notes set out information in connection with the business to be considered at the General Meeting of Shareholders of Toro Energy Limited to be held at The Terrace Lounge, Somerset St Georges Hotel, 185 St Georges Terrace, Perth, Western Australia on Monday 13 February 2012 at 2.00 pm (Perth time). These Explanatory Notes are to assist Shareholders in understanding the background to and the legal and other implications of the Notice and the reasons for the Resolution proposed. Both documents should be read in their entirety and in conjunction with each other.

Other than the information set out in these Explanatory Notes, the Directors believe that there is no other information that could reasonably be required by Shareholders to consider the Resolution.

The Resolution is an ordinary resolution.

Overview of Transaction

1. OXE is a wholly owned subsidiary of the Company.
2. PHO is a wholly owned subsidiary of OZ Minerals.
3. Pursuant to the Tenements Access Agreement, OZ Minerals granted to OXE certain rights to:
 - 3.1 explore for uranium on the Tenements and to mine and process any such uranium, and
 - 3.2 access all exploration data and information collected by OZ Minerals in relation to the Tenements.
4. Pursuant to the Novation Deed, among other things, PHO was substituted for OZ Minerals as a party to the Tenements Access Agreement and the parties agreed certain amendments to the Tenements Access Agreement.
5. OZ Minerals has conducted major exploration programs at the Tenements and, despite extensive drilling campaigns, no potentially economic uranium results have been reported; a review of the exploration data by the Company has not provided any indication or encouragement that additional exploration activity would improve the prospects of a significant uranium discovery on the Tenements.

Termination Deed

6. Accordingly, pursuant to the Termination Deed, OXE has agreed to accept the sum of \$3,750,000 (plus GST) from OZ Minerals as consideration for the termination of the Varied Tenements Access Agreement which includes the surrender by OXE of its rights referred to in paragraph 3 above.
7. The Termination Deed is subject to the condition that the shareholders of the Company approve the termination of the Varied Tenements Access Agreement on the terms referred to in paragraph 9 below, for the purpose of ASX Listing Rule 10.1 (**Condition**).
8. If the Condition is not satisfied on or before 30 March 2012, then any of the parties to the Termination Deed may terminate that Deed immediately by written notice to the other parties.
9. If the Condition is duly satisfied:
 - 9.1 OZ Minerals is required to pay the said sum of \$3,750,000 (plus GST) within 5 business days after the date on which the Condition was satisfied; and
 - 9.2 OXE and PHO agree that immediately following receipt of that payment in cleared funds, the Varied Tenements Access Agreement shall terminate and further thereto, OXE shall be taken to have surrendered all of its rights thereunder including the rights referred to in paragraph 3 above.

ASX Listing Rule Requirements

10. ASX Listing Rule 10.1 provides that the Company must ensure that none of its child entities disposes of a substantial asset to an associate of a substantial holder of Shares in the Company, without the approval of the Company's Shareholders.
11. OXE is a child entity of the Company.
12. PHO is an associate of OZ Minerals.
13. OZ Minerals is a substantial holder of Shares in the Company. As at the date of this Notice, OZ Minerals holds 410,259,378 Shares in the Company, which represents 42.06% of the Company's issued share capital.
14. Pursuant to ASX Listing Rule 10.2 an asset is substantial if its value, or the value of the consideration for it is, or in the ASX's opinion is, 5% or more of the equity interests of the Company as set out in the latest accounts given to the ASX under the ASX Listing Rules.

The value of the consideration for OXE agreeing to the termination of the Varied Tenements Access Agreement and the surrender of its rights thereunder, is \$3,750,000 (exclusive of GST) which satisfies the 'substantial asset' threshold in ASX Listing Rule 10.2.

Independent Expert Report

15. Enclosed is an Independent Expert Report dated 23 December 2011 and prepared by Value Adviser Associates Pty Ltd (ABN 54 131 852 607) in relation to the transaction which is the subject of the Termination Deed. The provision of the Independent Expert Report is required by ASX Listing Rule 10.10.2.
16. Value Adviser Associates has found that the transaction is fair and reasonable to the holders of Shares in the Company whose votes are not to be disregarded at the Meeting.

Directors Recommendation

17. The Directors of the Company (other than Andrew Coles) recommend that you vote in favour of the Resolution.

Andrew Coles does not wish to make a recommendation because he is the Chief Financial Officer of OZ Minerals.

Glossary

18. In these Explanatory Notes and the Notice of General Meeting the following expressions have the following meanings unless stated otherwise or unless the context otherwise requires:

ASX means ASX Limited (ACN 008 624 691);

ASX Listing Rules means the official listing rules of ASX;

Board means the board of Directors;

Company means Toro Energy Limited (ACN 117 127 590);

Director means a director of the Company;

Meeting means the meeting of Shareholders convened by the Notice;

Notice means the Notice of General Meeting to which these Explanatory Notes are attached;

Novation Deed means the Novation Deed made on 16 July 2007 between OZ Minerals, PHO, OXE and OZ Minerals Prominent Hill Pty Ltd;

OXE means Oxiana Energy Pty Ltd (ABN 72 117 520 537);



OZ Minerals means OZ Minerals Ltd (ABN 40 005 482 824);

PHO means OZ Minerals Prominent Hill Operations Pty Ltd (ABN 63 091 546 691);

Resolution means the resolution to be considered at the Meeting;

Share means a fully paid ordinary share in the capital of the Company;

Shareholder means a holder of a Share;

Tenements means Exploration Licences 4025, 4132, 4283 and 4390 granted under the Mining Act, 1971 (as amended) of South Australia;

Tenements Access Agreement means the Agreement made on 2 February 2006 between OZ Minerals and OXE;

Termination Deed means the Termination Deed made on 23 December 2011 between OXE, PHO and OZ Minerals; and

Varied Tenements Access Agreement means the Tenements Access Agreement as novated and varied by the Novation Deed.

YOUR TRUSTED VALUE ADVISER



Toro Energy Limited
Independent Expert's Report in relation to Proposed
Transaction in regard to Mt Woods Rights

23 December 2011

 **ValueAdviserAssociates**
creating, capturing and communicating value

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Glossary

| Term | Meaning |
|-----------------------------------|--|
| ABARE | Australian Bureau of Agricultural and Resource Economics |
| ASIC | Australian Securities & Investments Commission |
| ASX | ASX Ltd |
| Company | Toro Energy Limited |
| Corporations Act | Corporations Act, 2001 |
| Explanatory Notes | Explanatory Notes to the notice of General Meeting |
| ERA | Energy Resources of Australia Ltd |
| IER | Independent Expert Report |
| kt | kilo tonnes |
| Meeting | Meeting of Toro Shareholders convened by the Notice of General Meeting and to be held on 13 February 2012 |
| Mlbs | Million pounds |
| Novation Deed | Novation Deed made on 16 July 2007 between OZ Minerals, PHO, OXE and Oxiana Prominent Hill Pty Ltd |
| OXE | Oxiana Energy Pty Ltd |
| Mt Woods Rights | Rights granted by PHO to OXE pursuant to the Varied Tenements Access Agreement to: <ul style="list-style-type: none">• explore for uranium on the Tenements and to mine and process any such uranium, and• access all exploration data and information collected by OZ Minerals in relation to the Tenements. |
| OZ Minerals | OZ Minerals Limited |
| PHO | OZ Minerals Prominent Hill Operations Pty Ltd |
| PJ | Petajoule |
| Tenements | Exploration Licences 4025, 4132, 4283 and 4390 granted under the Mining Act, 1971 (as amended) of South Australia |
| Tenements Access Agreement | Agreement made on 2 February 2006 between OZ Minerals and OXE |
| Toro | Toro Energy Limited |
| t/yr | Tonnes per year |
| USD | United States dollar |
| U ₃ O ₈ | Triuranium octoxide (a compound of uranium) |
| VAA | Value Adviser Associates Pty Ltd |
| Varied Tenements Access Agreement | Tenements Access Agreement as novated and varied by the Novation Deed |

23 December 2011

The Directors
Toro Energy Ltd
3 Boskenna Avenue
Norwood
South Australia 5067

Dear Sirs and Madam

Independent Expert's Report in relation to the Proposed Transaction in regards to Mt Woods Rights

Introduction and Purpose of the Report

On 23 December 2011, OXE, PHO and OZ Minerals entered into a Termination Deed, the details of which are described in the Explanatory Notes accompanying the Notice of General Meeting. Pursuant to the Termination Deed, OXE has agreed to accept the sum of \$3,750,000 (plus GST) from OZ Minerals as consideration for the termination of the Varied Tenements Access Agreement which includes the surrender by OXE of certain rights (referred to in this report as the "Mt Woods Rights") to:

- explore for uranium on the Tenements and to mine and process any such uranium; and
- access all exploration data and information collected by OZ Minerals in relation to the Tenements.

The Termination Deed and the agreed consideration are together referred to as the Proposed Transaction in this report.

The Proposed Transaction is subject to Toro shareholder approval.

The directors of Toro have prepared Explanatory Notes which accompany the Notice of General Meeting recommending that the shareholders of Toro approve the Proposed Transaction.

ASX Listing Rule 10.1 requires Toro must ensure that none of its child entities disposes of a substantial asset to an associate of a substantial holder of Shares in Toro, without the approval of Toro Shareholders. .

The directors of Toro have requested Value Adviser Associates Pty Ltd ["VAA"] prepare an independent expert's report ["IER"] to assist the shareholders of Toro, whose votes are not to be disregarded at the Meeting, in assessing the merits of the Proposed Transaction. This report sets out VAA's opinion as to whether the Proposed Transaction is fair and reasonable to those shareholders. The votes of OZ Minerals and its associates are to be disregarded at the Meeting.



Assessment framework

ASX Listing Rule 10.10.2 requires that shareholders be provided with an IER which states whether the Proposed Transaction is fair and reasonable to shareholders of Toro whose votes are not to be disregarded at the Meeting.

Neither the ASX listing rules nor ASX Guidance Note 24 prescribe the form or content of the IER or the basis of assessment of fairness and reasonableness.

In the absence of ASX guidance, VAA has employed ASIC Regulatory Guide 111 – Content of Expert Reports [“RG111”] as the basis of the assessment framework (paragraph 111.10 et seq) that requires the expert to separately determine if the Proposed Transaction is fair and, in the event that it is not, whether it is reasonable.

Under RG111 the Proposed Transaction is ‘fair’ if the consideration is equal to or greater than the value of the Mt Woods Rights surrendered and terminated under the Termination Deed.

Summary of Opinion

Based on a technical report provided by Optiro, we have assessed the value of the Mt Woods Rights to be \$3.03 million. The value of the consideration (cash) is \$3.75 million.

As the value of the consideration exceeds the value of the Mt Woods Rights, in the opinion of Value Adviser Associates, the Proposed Transaction is fair. Consistent with RG111 the Proposed Transaction is also, therefore, reasonable.

Other Matters

This report constitutes general financial product advice only and has been prepared without taking into consideration the individual circumstances of the shareholders of Toro. The decision to accept or reject the Proposed Transaction is a matter for individual shareholders. Shareholders of Toro should consider the advice in the context of their own circumstances and preferences. Shareholders of Toro who are in doubt as to the action they should take in relation to the Proposed Transaction should consult their own professional adviser.

VAA has prepared a Financial Services Guide in accordance with the Corporations Act, 2001. This is included in Appendix 4 to this report.

Our opinion is made as at the date of this letter and reflects circumstances and conditions as at that date. This letter must be read in conjunction with the full report.

Yours faithfully

Michael Churchill
CEO

Mark Gemmola
Senior Corporate Adviser

Outline of the Proposed Transaction

The Proposed Transaction is described in the Explanatory Notes and is reproduced below:

Background

OXE is a wholly owned subsidiary of the Company.

PHO is a wholly owned subsidiary of OZ Minerals.

Pursuant to the Tenements Access Agreement, OZ Minerals granted to OXE certain rights to:

- explore for uranium on the Tenements and to mine and process any such uranium, and
- access all exploration data and information collected by OZ Minerals in relation to the Tenements.

In this document these rights are referred to as the "Mt Woods Rights".

Pursuant to the Novation Deed, among other things, PHO was substituted for OZ Minerals as a party to the Tenements Access Agreement and the parties agreed certain amendments to the Tenements Access Agreement.

In this document the Tenements Access Agreement as novated and varied by the Novation Deed is referred to as the Varied Tenements Access Agreement.

OZ Minerals has conducted major exploration programs at the Tenements and, despite extensive drilling campaigns, no potentially economic uranium results have been reported; a review of the exploration data by the Company has not provided any indication or encouragement that additional exploration activity would improve the prospects of a significant uranium discovery on the Tenements.

Termination Deed

Accordingly, pursuant to the Termination Deed, OXE has agreed to accept the sum of \$3,750,000 (plus GST) from OZ Minerals as consideration for the termination of the Varied Tenements Access Agreement which includes the surrender by OXE of the Mt Woods Rights referred to in paragraph 3 above.

The Termination Deed is subject to the condition that the shareholders of the Company approve the termination of the Varied Tenements Access Agreement on the terms referred to in paragraph 9 below, for the purpose of ASX Listing Rule 10.1 ["Condition"].

If the Condition is not satisfied on or before 30 March 2012, then any of the parties to the Termination Deed may terminate that Deed immediately by written notice to the other parties.

If the Condition is duly satisfied:

- OZ Minerals is required to pay the said sum of \$3,750,000 (plus GST) within 5 business days after the date on which the Condition was satisfied; and
- OXE and PHO agree that immediately following receipt of that payment in cleared funds, the Varied Tenements Access Agreement shall terminate and further thereto, OXE shall be taken to have surrendered all of its rights thereunder including the Mt Woods Rights.

ASX Listing Rule Requirements

ASX Listing Rule 10.1 provides that Toro must ensure that none of its child entities disposes of a substantial asset to an associate of a substantial holder of Shares in the Company, without the approval of Toro's Shareholders.

OXE is a child entity of Toro.

PHO is an associate of OZ Minerals.

OZ Minerals is a substantial holder of shares in Toro. As at the date of this report, OZ Minerals holds 410,259,378 shares in Toro, which represents 42.06% of Toro's issued share capital.

Pursuant to ASX Listing Rule 10.2 an asset is substantial if its value, or the value of the consideration for it is, or in the ASX's opinion is, 5% or more of the equity interests of Toro as set out in the latest accounts given to the ASX under the ASX Listing Rules.

The value of the consideration for OXE agreeing to the termination of the Varied Tenements Access Agreement and the surrender of its rights thereunder, is \$3,750,000 (exclusive of GST) which satisfies the 'substantial asset' threshold in ASX Listing Rule 10.2.

Scope of the Report

Purpose of the Report

ASX Listing Rule 10.1 requires that Toro must ensure that none of its child entities disposes of a substantial asset to an associate of a substantial holder of shares in Toro, without the approval of Toro's shareholders. An asset is substantial if its value or the consideration offered is 5% or more of the equity interests of Toro as set out in the latest accounts given to the ASX under the listing rules.

ASX Listing Rule 10.10.2 requires that the notice of meeting must be accompanied by an Independent Expert Report ["IER"]. The IER must state whether, in the opinion of the independent expert, the Proposed Transaction is fair and reasonable to Toro's shareholders whose votes are not to be disregarded at the Meeting.

The purpose of the IER is to provide an opinion on whether the Proposed Transaction is fair and reasonable.

Toro has advised VAA that the book value of the Mt Woods Rights exceeds 5% of the equity value of Toro as at 30 June 2011 (the latest date of accounts provided to the ASX).

Meaning of "Fair and Reasonable"

There is no guidance provided for "fair and reasonable" in the ASX Listing Rule. In preparing this report, VAA has had regard to relevant regulatory guides issued by ASIC, with particular reference to ASIC Regulatory Guide 111: Content of expert reports.

ASIC Regulatory Guide 111 establishes certain guidelines in respect of IERs prepared for the purposes of the Corporations Act. ASIC Regulatory Guide 111 sets out the view of ASIC on the operation of Section 640 of the Corporations Act and comments on the meaning of "fair and reasonable" in the context of transactions with persons in a position of influence. In the context of the Proposed Transaction we understand the ASIC Regulatory Guide 111 to establish that:

- an offer is "fair" if the value of the offer price or consideration is equal to, or greater than, the value of the Mt Woods Rights; and
- an offer is "reasonable" if it is "fair".

Shareholder's Decision

This report constitutes general financial product advice only and has been prepared without taking into consideration the individual circumstances of Shareholders. The decision to approve the Proposed Transaction is a matter for individual shareholders.

Shareholders should consider the advice in the context of their own circumstances, preferences and risk profiles. Shareholders should also have regard to the Explanatory Notes in relation to the Proposed Transaction.

Shareholders who are in doubt as to the action they should take in relation to the Proposed Transaction should consult their own professional adviser.

Profile of Toro

History and Overview

Toro is a uranium explorer and developer operating in Western Australia, the Northern Territory, South Australia and in the African country of Namibia.

Toro listed on the Australian Securities Exchange in March 2006, having raised \$18 million to conduct uranium exploration on its tenement holdings in South Australia. At the time of listing Toro's major shareholders were Oxiana Limited¹ (25%) and Minotaur Exploration Limited (25%), both of whom vended uranium access rights to the new company.

Presently the principal shareholder of Toro is OZ Minerals (42%), with all other individual shareholders each owning less than 3% of the company's stock.

Toro's principal asset is the Wiluna Project, which is located in Western Australia. This project is at an advanced stage in government assessment and approval, with Toro planning to commit to construction late next year for first production in 2013.

The Wiluna Project hosts a series of shallow (generally less than 10m deep) calcrete deposits with a Measured, Indicated and Inferred resource of 50.1 Mlbs of contained U₃O₈. The Wiluna Project has a 10-14 year mine life at the rate of around 1,000 tpa of uranium oxide. Resource definition drilling during 2012 and 2013 on tenements will indicate whether the mine life and capacity could be extended.

Financial Position

The financial position of Toro as at 30 June 2011 is summarised in TABLE 1.

¹ In June 2008 Oxiana Limited merged with Zinifex Limited to form Oz Minerals Ltd.

TABLE 1 TORO ENERGY LIMITED –STATEMENT OF FINANCIAL POSITION

| Balance Sheet | |
|---|--------------------|
| As at 30 June 2011 | (\$) |
| <u>CURRENT ASSETS</u> | |
| Cash and bank balances | 29,662,943 |
| Trade and other receivables | 289,579 |
| Other current assets | 338,756 |
| TOTAL CURRENT ASSETS | 30,291,278 |
| <u>NON-CURRENT ASSETS</u> | |
| Property, plant and equipment | 2,644,639 |
| Exploration and evaluation assets | 67,403,197 |
| TOTAL NON-CURRENT ASSETS | 70,047,836 |
| TOTAL ASSETS | 100,339,114 |
| <u>CURRENT LIABILITIES</u> | |
| Trade and other payables | 1,190,115 |
| Borrowings | 0 |
| Short-term provisions | 225,113 |
| TOTAL CURRENT LIABILITIES | 1,415,228 |
| <u>NON-CURRENT LIABILITIES</u> | |
| Borrowings | 0 |
| Long-term provisions | 115,825 |
| TOTAL NON-CURRENT LIABILITIES | 115,825 |
| TOTAL LIABILITIES | 1,531,053 |
| NET ASSETS | 98,808,061 |
| <u>EQUITY</u> | |
| Issued Capital | 211,564,891 |
| Reserves | 2,319,084 |
| Accumulated Losses | (115,075,914) |
| Equity attributable to owners of the Company | 98,808,061 |
| Non-controlling interests | 0 |
| TOTAL EQUITY | 98,808,061 |

Source: Toro Energy Limited, Financial Report for the year ended 30 June 2011

Equity Value

ASX Listing Rule 10.2 defines an asset as substantial if its value or the consideration offered is 5% or more of the equity interests of the company in the latest accounts given to the ASX.

The latest accounts given to the ASX are for the financial year ended 30 June 2011. The equity value of Toro at that date is \$98,808,061.

Toro have advised VAA that the book value of the Mt Woods Rights as at 30 June 2011 was \$8.1 million.

On this basis the value of the assets subject to the Proposed Transaction is greater than 5% of the equity interests of the company in the latest accounts and is therefore considered a substantial asset for the purposes of ASX Listing Rule 10.1.

Profile of Uranium Industry

Overview

Uranium is principally used as nuclear reactor fuel.

Australia has the world's largest recoverable reserves of uranium with an estimated 1,163 kt of Reasonably Assured Reserves recoverable at less than \$80/kg uranium as at December 2008². This represents about 31% of the known world reserves. The estimated Australian reserves will last about 140 years at current Australian production levels. Australia also has substantial potential for the discovery of new uranium resources.

TABLE 2 summarises the major reserves and resources in Australia.

TABLE 2 AUSTRALIAN URANIUM RESERVES AND RESOURCES

| Mine or deposit | Reserves | Measured & Indicated Resources | Inferred Resources |
|-----------------|------------------------------------|------------------------------------|------------------------------------|
| | (t U ₃ O ₈) | (t U ₃ O ₈) | (t U ₃ O ₈) |
| Ranger | 16,000 | 7,000 | 109,000 |
| Olympic Dam | 347,500 | 1,707,000 | 737,600 |
| Beverley | | 21,000 | |
| Honeymoon | | 2,900 | |
| Jabiluka | 67,700 | 16,440 | 57,500 |
| Four Mile | | 14,000 | 17,700 |
| Kintyre | | 25,600 | 2,400 |
| Yeelirrie | | 52,500 | |
| Wiluna | | 11,000 | |
| Mulga Rock | | | 27,100 |
| Valhalla | | 24,765 | 5,860 |

Source: World Nuclear Association website

Australian production and exports of uranium over the period 2002-03 to 2010-11 are provided in TABLE 3.

TABLE 3 AUSTRALIAN URANIUM PRODUCTION AND EXPORTS

| | | 2002-03 | 2003-04 | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 |
|-------------------|--------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Production | tonnes U ₃ O ₈ | 9,149 | 9,533 | 10,964 | 9,949 | 9,581 | 10,095 | 10,278 | 7,150 | 7,035 |
| Exports | tonnes U ₃ O ₈ | 9,592 | 9,099 | 11,215 | 10,252 | 9,518 | 10,151 | 10,114 | 7,555 | 6,950 |
| Exports | \$A million | 427 | 364 | 475 | 545 | 658 | 887 | 1,030 | 758 | 610 |

Source: World Nuclear Association website

World uranium consumption has increased by 1.5 per cent per year since 2000, reaching 36,176 PJ (64.6 kt Uranium) in 2008. Nuclear power accounted for 6.2 per cent of global primary energy consumption and 14.8 per cent of world electricity generation in 2007³.

Australia's uranium is sold strictly for electrical power generation only, and safeguards are in place to ensure this. Australia is a party to the Nuclear Non-Proliferation Treaty ["NPT"] as a non-nuclear weapons state. In addition to these international arrangements Australia requires customer countries to have entered a bilateral safeguards treaty which is more rigorous than NPT arrangements.

² Source: ABARE, 2010

³ Source: ABARE, 2010

Uranium mines in Australia

There are three operating uranium mines in Australia and a fourth is currently in commissioning phase.

Ranger

The Ranger mine and associated town of Jabiru is about 230 kilometres east of Darwin, in the Northern Territory. The mine opened in 1981 at a production rate of approximately 3,300 tonnes per year ["t/yr"] of uranium oxide and has since been expanded to 5,500 t/yr capacity. Mining of the present pit commenced in 1997. Treatment is conventional acid leach.

Ranger is owned by Energy Resources of Australia Ltd ["ERA"], a 68.4% subsidiary of Rio Tinto.

Olympic Dam

Olympic Dam, located about 560 km north of Adelaide, commenced operations in 1988 through a joint venture of Western Mining Corporation and BP Minerals. The massive deposit is underground, some 350 metres below the surface, and is the largest known uranium orebody in the world. The large underground mine produces copper, with gold and uranium as major by-products. Annual production capacity for uranium oxide has been expanded from 1,800 to 4,600 tonnes U₃O₈.

Olympic Dam is now owned by BHP Billiton, following its 2005 takeover of WMC Resources. BHP Billiton is undertaking a major feasibility study on greatly expanding the mine, and in 2009 it released the 4,600 page environmental impact statement for the project. This was approved by state and federal governments in October 2011. The plan is to develop a large open pit with associated infrastructure over 11 years and lift uranium production to 19,000 tonnes U₃O₈ per year.

Beverley

The small Beverley mine in South Australia started operation late in 2000, 520 kilometres north of Adelaide. It was licensed to produce 1,180 t/yr U₃O₈ and reached this level in 2004, though production has declined since. It is owned and operated by Heathgate Resources Pty Ltd, an associate of General Atomics in the USA. In December 2010 the company received government approval to mine the Beverley North deposits, which will maintain production through the Beverley plant.

Honeymoon

The Honeymoon mine in South Australia is in the process of commissioning by Uranium One in 2011. Initial production of 20 tonnes U₃O₈ was recorded to the end of September 2011. The owners received government approval to proceed with mine development in November 2001 but reassessed its ore reserves and finally moved to development in 2007. In 2008 Mitsui agreed to join the project as 49% joint venture partner, and a construction contract was then let. In 2012 production is expected to be 275 tonnes U₃O₈ before eventually ramping up to 400 t/yr.

Prospective Mines

The Jabiluka uranium deposit in the Northern Territory was discovered in 1971-73, 20 kilometres north of Ranger. It has resources of over 130,000 tonnes of uranium oxide, and is one of the world's larger high-grade uranium deposits. A mining lease was granted in 1982 but development was stalled due to disagreements with the Aboriginal traditional owners. Commonwealth approval was withdrawn in 1983 and development ceased. In 1991 ERA, the operator of the adjacent Ranger mine, bought the Jabiluka lease from Pancontinental for A\$125 million.

In 1996 further approvals were given and development of the underground mine proceeded with a 1,150 metre access decline and a further 700 metres of excavation around the orebody. However, mining was deferred until agreement could be reached regarding treatment of Jabiluka ore at the Ranger mill. ERA (whose parent company is Rio Tinto) will not proceed with the mine until there is agreement from the local Mirrar Aboriginal people.

In May 2008 Quasar Resources, an affiliate of Heathgate Resources, applied for a mining licence for the Four Mile deposit adjacent the Beverley mine. Initial production was envisaged as 680 t/yr U₃O₈ rising to 2,000 t/yr. However, the project has been delayed by legal wrangles between the partners.

Expansion of Australia's Uranium Production

In the medium to long term, Australia's production of uranium is expected to increase significantly, reflecting Australia's large low-cost uranium resources, proposed new mines and increasing world demand for uranium. ABARE forecasts world demand to grow strongly driven by strong growth in world nuclear electricity generation, although this view was developed before the incident at the Fukushima plant in Japan in March 2011. Given that there are no plans for Australia to have a commercial nuclear power industry or enrichment facilities prior to 2030, all of Australia's uranium production will continue to be exported

In the medium term, ABARE forecasts Australia's mine production to increase by around 8 per cent per year to reach 6,170 PJ (11 kt) by 2014–15. ABARE identifies future growth in uranium production to come from Four Mile, Honeymoon, Oban and Crocker Well projects in South Australia and Yeelirrie, Kintyre, Lake Maitland and Wiluna uranium projects in Western Australia as well as the expansion at the Olympic Dam mine. Based on planned projects and the likelihood of additional currently less advanced projects entering production before 2030, ABARE projects Australian uranium mine production will increase at an average annual rate of 12 per cent to around 11,760 PJ (21 kt) by 2029–30. The ABARE forecasts only include uranium projects that have progressed to, or beyond, a pre-feasibility stage of development.

Key Factors in Utilising Australia's Uranium Resources

Presently uranium is not used to produce electricity in Australia and as a result Australia does not consume any of its locally produced uranium.

The following factors are viewed as being key to the successful development of uranium resources in Australia⁴.

- Recently there has been renewed interest worldwide in nuclear power, although this may be severely impacted by the incident at the Fukushima plant in Japan in March 2011. However, with electricity produced by uranium producing no direct carbon emissions demand for uranium is expected to increase in the future.
- Successful exploration and development of uranium deposits is dependent on several factors including state government policy, prices, production costs, ability to demonstrate best practice environmental and safety standards, and community acceptance of uranium development.
- In Australia, new and expanding uranium mines require environmental and development approvals prior to any development occurring. The approval process period for the development of a uranium mine can be lengthy and costly if it is not well managed. Companies are required to provide a detailed environmental assessment for a uranium development proposal, which is assessed by both Australian and state/territory governments before approval to develop is granted.

⁴ Source: ABARE, 2010

Market Value of Mt Woods Rights

Definition of Market Value

VAA has valued the Mt Woods Rights on a market value basis. Business valuers typically define market value as:

“The price that would be negotiated in an open and unrestricted market between a knowledgeable, willing but not anxious buyer and a knowledgeable, willing but not anxious seller acting at arm’s length.”

Market value does not incorporate special value. Special value is the additional value that may accrue to a particular purchaser. In a competitive bidding situation, potential purchasers may be prepared to pay part, or all, of the special value that they expect to realise from the acquisition to the seller.

Valuation Methodology and Approach

Appendix 2 provides details of the principal methodologies available with which to value a project, a business or the shares in a company. We also provide an assessment of the applicability of each methodology to valuing the OXE Rights. Our conclusion is that many of the methodologies commonly adopted by valuers will not be appropriate to value the OXE Rights. A summary of the reasons is as follows:

- The Tenements currently do not generate any operational revenue or earnings stream and has not done so in previous years;
- The magnitude and timing of any future cash flows from the Tenements cannot be forecast since there have not been any discovery of potentially commercial resources of uranium;
- There is no active market that provides an observable price for the Tenements.

The Tenements are prospective for uranium resources. The Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports [“the VALMIN Code”] provides a set of fundamental principles and supporting recommendations regarding good professional practice to assist those involved in the preparation of IERs that are required for the valuation of mineral assets.

The VALMIN Code requires that only competent persons may undertake valuations within the Code framework. This means that the valuer must have relevant education, qualifications, experience, professional expertise and hold appropriate licences.

Therefore, in order to value the OXE Rights we have relied on a valuation report prepared by Optiro Pty Ltd [“Optiro”] prepared in accordance with the requirements of the VALMIN Code.

A copy of the Optiro report is provided in Appendix 5.

Market Value of Mt Woods Rights

The Mt Woods Rights allows OXE to explore for uranium on the Tenements and to mine and process any uranium discovered on the Tenements and to access exploration data.

Our review of the uranium industry in Australia demonstrated that considerable growth is expected driven by increased international demand for uranium as a fuel for electricity production. In addition, current Government policies are generally supportive of uranium production, as evidenced by the number of prospective developments in Australia.

Optiro has provided a report that values the uranium mineral assets contained within the Tenements.

As a result we believe that the Optiro report provides an appropriate basis assess the value of the Mt Woods Rights.

Optiro used two different methods to determine the value of the mineral assets relating to the uranium mineralisation within the Tenements.

A summary of Optiro's valuation results is provided in the following table:

| Method | Value (\$ million) | | |
|-------------------------|--------------------|-------------|-------------|
| | Low | High | Preferred |
| Comparable Transactions | 2.96 | 3.77 | 3.43 |
| Geoscientific Ratings | 2..37 | 3.70 | 3.03 |
| Overall | 2.37 | 3.70 | 3.03 |

Source: Optiro 2011

The Optiro report specifically considers the value of the uranium mineral assets within the Tenements. It is not a valuation of the Mt Woods Rights, which is the asset subject to the Proposed Transaction.

We have reviewed the Varied Tenements Access Agreement from a commercial perspective. Our review has not revealed any material opportunity for the value of the Mt Woods Rights to be in excess of that assessed for the uranium mineral assets in the Optiro Report.

We have identified some clauses of the Varied Tenements Access Agreement that have the potential to lead to circumstances where the value of the Mt Woods Rights may be lower than that assessed by Optiro for the uranium mineral assets.

However, based on our commercial assessment of the Varied Tenements Access Agreement, we believe that the value of the Mt Woods Rights is unlikely to be materially lower than the Optiro value for the uranium mineral assets.

Therefore, in valuing the Mt Woods Rights, we have adopted Optiro valuation. That is, the value range for the Mt Woods Rights is \$2.37 million to \$3.70 million, with a mid-point of \$3.03 million.

Evaluation of the Proposed Transaction

Fairness

In forming our opinion, VAA has concluded that the market value of the Mt Woods Rights is \$3.03 million.

The OZ Minerals consideration is \$3.75 million cash.

As the OZ Minerals consideration exceeds our valuation range for the Mt Woods Rights, we consider the Proposed Transaction is fair to the shareholders of Toro.

Reasonableness

ASIC Regulatory Guide 111 states that an offer is reasonable if it is fair.

Above we concluded that the Proposed Transaction is fair. Therefore, it is also reasonable.

Notwithstanding that there is no requirement to address reasonableness issues, we believe the Toro shareholders may wish to consider the following matters in making their assessment of whether to approve the Proposed Transaction.

- In VAA's assessment it is unlikely that an alternative, superior offer is likely to be made to Toro.
- Shareholders should be aware that there is a possibility, but no certainty, that a superior offer will be made by OZ Minerals or an alternative bidder. However, at this time there is no alternative bidder.

Appendix 1 – Statement of Qualifications and Declarations

Value Adviser Associates is qualified to provide this report. It is the corporate authorised representative of Capital Value Securities, which holds an Australian Financial Services Licence under the Corporations Act. The director of Capital Value Securities responsible for this report has not provided financial advice to Toro, OXE, PHO or OZ Minerals in relation to this Proposed Transaction.

Prior to accepting this engagement, VAA considered its independence with respect to Toro and OZ Minerals with reference to ASIC Regulatory Guide 112: Independence of experts. VAA has not undertaken any part assignments for either company. In our opinion, we are independent of Toro, OXE, PHO and OZ Minerals.

This report has been prepared specifically for the shareholders of Toro whose votes are not to be disregarded at the Meeting. Neither VAA nor any member or employee thereof undertakes responsibility to any person, other than a shareholder of Toro, in respect of this report, including any errors or omissions howsoever caused.

The statements and opinions given in this report are given in good faith and the belief that such statements and opinions are not false or misleading. In the preparation of this report VAA has relied upon and considered information believed after due inquiry to be reliable and accurate. VAA has no reason to believe that any information supplied to it was false or that any material information has been withheld from it. VAA has evaluated the information provided to it by Toro, its advisors, as well as other parties, through inquiry, analysis and review, and nothing has come to its attention to indicate the information provided was materially mis-stated or would not afford reasonable grounds upon which to base this report. VAA does not imply and it should not be construed that it has audited or in any way verified any of the information provided to it, or that its inquiries could have verified any matter which a more extensive examination might disclose. The information we have had regard to in the preparation of this report is set out in Appendix 4 – Sources of Information.

The information provided to VAA has been evaluated through analysis, enquiry and review to the extent it considered necessary for the purposes of forming an opinion. VAA does not warrant that its enquiries have identified or verified all the matters that a formal audit or due diligence may disclose. Accordingly, this report and the opinions contained in it should be considered more in the nature of a commercial and financial review rather than a comprehensive audit or due diligence.

Toro has provided an indemnity to VAA for any claims arising out of any mis-statement or omission in any material or information provided to it in the preparation of this report.

This report should be read in its entirety to ensure that no isolated statements, analyses or other factors are construed out of context. The preparation of an opinion is a complex process and subject to professional judgement. The overall opinion is not to partial analysis or summary.

VAA provided draft copies of this report to the independent directors and management of Toro for their comments as to factual accuracy, as opposed to opinions, which are the responsibility of VAA alone. Changes made to this report as a result of this review by the independent directors and management of Toro have not changed the methodology or conclusions reached by VAA.

VAA will receive a professional fee based on time spent in the preparation of this report, estimated at \$20,000 (exclusive of GST). This fee is not contingent on the outcome of the Offer. VAA will not be entitled to any other pecuniary or other benefit whether direct or indirect, in connection with the making of this report.

Mr Michael Churchill, a director of VAA, has assumed overall responsibility for this report. He has over 25 years' experience in providing financial advice and valuation advice and has professional qualifications appropriate to the advice being offered.

Mr Mark Gemmola, an employee of VAA, has also been involved in the preparation of this report. He has over 15 years of commercial and advisory experience in areas such as accounting and providing financial/valuation advice. Mark has professional qualifications appropriate to the advice being offered.

In the preparation of this report VAA has had regard to relevant Regulatory Guides issued by ASIC. It is not intended that the report should be used for any other purpose than to be sent to the Shareholders of Toro. In particular, it is not intended that this report should be used for any other purpose other than as an expression of its opinion as to whether or not the Offer is fair and reasonable for the Shareholders.

This report conforms to the requirements of APES 225 "Valuation Standards".

The financial forecasts considered in the preparation of this report reflect the judgement of directors and management of Toro based on present circumstances, as to both the most likely set of conditions and the course of action it is most likely to take. It is usually the case that some events and circumstances do not occur as expected or are not anticipated. Therefore, actual results during the forecast period will almost always differ from the forecast and such differences may be material. To the extent that our conclusions are based on forecasts, we express no opinion on the achievability of those forecasts.

VAA consents to the issue of this report in the form and context in which it accompanies the Notice of General Meeting to be sent to the shareholders of Toro.

Appendix 2 – Valuation Methodologies

There are a number of valuation methodologies available with which to value a project, a business or the shares in a company. The principal methodologies used are:

- capitalisation of earnings;
- discounted cash flow;
- net realisable value of assets;
- market based assessments; and
- recent offers.

Each of these methodologies is appropriate in certain circumstances. The decision as to which methodology to utilise generally depends upon the methodology most commonly adopted in valuing the asset in question and the availability of appropriate information.

Capitalisation of Earnings

The capitalisation of earnings methodology involves capitalising the earnings of a project, a business or a company at an appropriate multiple, which reflects the risks underlying the earnings together with growth prospects.

This methodology requires consideration of the following factors:

- estimation of future maintainable earnings having regard to historical and forecast operating results, abnormal or non-recurring items of income and expenditure and other factors. Future maintainable earnings is generally based on net profit after tax, EBIT, EBITA or EBITDA;
- determination of an appropriate earnings multiple reflecting the risks inherent in the business, growth prospects and other factors;
- earnings multiples applied to net profit after tax are known as price earnings multiples and are commonly used in relation to listed public companies. Earnings multiples applied to EBIT, EBITA or EBITDA are known, respectively, as EBIT, EBITA or EBITDA multiples, and are commonly used in respect of companies comprising a number of businesses where debt cannot be precisely allocated or in acquisition scenarios where the purchaser is likely to control gearing;
- an adjustment for financial debt, in the event maintainable earnings are based on EBIT, EBITA or EBITDA; and
- an assessment of any surplus assets and liabilities, being those which are not essential to the generation of the future maintainable earnings.

This methodology is appropriate where a company, project or business is expected to generate a relatively stable record of earnings.

The Tenements do not yet have profitable operations. Accordingly this methodology is not appropriate to employ in the assessment of value of the Proposed Transaction.

Discounted Cash Flow

The discounted cash flow methodology involves calculating the net present value of cash flows that are expected to be derived from future activities. The forecast cash flows are discounted by a discount rate that reflects the time value of money and the risk inherent in cash flows.

This methodology is particularly appropriate in valuing projects, businesses and companies that are in a start-up phase and are expecting considerable volatility and/or growth in

earnings during the growth phase, as well as businesses with a finite life (such as oil and gas fields). The utilisation of this methodology generally requires management to be able to provide long term cash flows for the subject company, asset or business.

To date there have not been any potentially commercial discoveries of uranium that would give rise to positive future cash flows. Therefore, it is not possible to prepare cashflow forecasts arising from commercial development of the Tenements.

Accordingly, no discounted cashflow valuations have been undertaken by VAA.

Net Realisable Value of Assets

The net realisable value of assets methodology involves the determination of the net realisable value of the assets of a business or company, assuming an orderly realisation of those assets. This value includes a discount to allow for the time value of money and for reasonable costs of undertaking the realisation. It is not a valuation on the basis of a forced sale, where assets may be sold at values materially different to their market value.

This methodology is appropriate where a project, a business or company is not making an adequate return on its assets or where there are surplus non-operational assets.

Market Based Assessments

Market based assessments relate to the valuation of companies or assets that are publicly traded.

Analysis of transactions in listed companies with comparable assets could potentially allow an estimate to be undertaken of the implied value of the Tenements and, therefore the Mt Woods Rights.

Recent Offers

Where a recent genuine offer has been made for a company, business unit or asset, that offer may be used as a basis for valuation of the company, business unit or asset.

Appendix 3 – Sources of Information

In preparing this report, we have had regard to the following sources of information:

TABLE 4 INFORMATION PROVIDED BY TORO

| |
|--|
| Tenements Access Agreement, OZ Minerals Ltd (then called Oxiana Ltd) and Oxiana Energy Pty Ltd, 2 February 2006 |
| Novation Deed, OZ Minerals Ltd (then called Oxiana Ltd), OZ Minerals Prominent Hill Operations Pty Ltd (then called Oxiana Prominent Hill Operations Pty Ltd), Oxiana Energy Pty Ltd, OZ Minerals Prominent Hill Pty Ltd (then called Oxiana Prominent Hill Pty Ltd), 16 July 2007 |
| Deed of Amendment, Assignment and Novation, Toro Energy Ltd, OZ Minerals Ltd (then called Oxiana Ltd), OZ Minerals Prominent Hill Pty Ltd (then called Oxiana Prominent Hill Pty Ltd) 18 May 2007 |
| Letter from Toro Energy Ltd to OZ Minerals Ltd, re: Proposal to Terminate Mt Woods Tenement Access Agreement and related Novation Deed, 17 November 2011 |
| Letter from OZ Minerals Ltd to Toro Energy Ltd re: Proposal to Terminate Mt Woods Tenement Access Agreement and related Novation Deed, 18 November 2011 |
| Optiro, Toro Energy Ltd Mt Woods Project – valuation of uranium rights, 19 December 2011 |
| Termination Deed, Oxiana Energy Pty Ltd, OZ Minerals Prominent Hill Operations Pty Ltd, OZ Minerals Ltd, |

TABLE 5 INFORMATION SOURCED BY VAA

| |
|--|
| ASX Listing Rule 10 |
| Regulatory Guide 111 Content of Expert Reports, March 2011 |
| Toro Energy Ltd, 2011 Annual Report |
| Toro Energy Ltd, 2010 Annual Report |
| The VALMIN Code, 2005 |
| ABARE, Australian Energy Resource Assessment – Chapter 6 Uranium and Thorium, 2010 |
| World Nuclear Association website |

Appendix 4 – Financial Services Guide

Issue Date: September 2011

Value Adviser Associates Pty Ltd ABN 54 131 852 607 ("Value Adviser Associates" or "we" or "us" or "our" as appropriate) provides general advice in relation securities to retail clients as an authorised representative of Capital Value Securities Pty Ltd ABN 46 123 674 886 ("CVS" or "licensee") AFSL No 311705.

Financial Service Guide

In the above circumstances we are required to issue you, as a retail client, with a Financial Services Guide [FSG]. This FSG is designed to help retail clients make a decision as to their use of our general security advice.

This FSG includes information about:

1. Who we are and how we and the licensee can be contacted
2. The services we are authorised to provide under the licensee's Australian Financial Services Licence
3. Remuneration that we, the licensee and any associates receive in connection with our general advice
4. The licensee's complaints handling procedures and how you may access them.

The licensee has authorised this FSG.

Financial services we are authorised to provide

We hold Authorised Representative number 342572 authorising us to provide general security advice on behalf of the licensee.

General advice

We provide general advice, not personal advice because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

Benefits that we may receive

We charge fees for providing general advice. These fees will be agreed with, and paid by, the person who engages us. Fees will be agreed on either a fixed fee or time cost basis. Clients may request particulars within a reasonable time after receiving this Guide (and before any financial service is given).

Except for the fees referred to above, neither Value Adviser Associates, CVS nor any of their directors, employees or related entities receive any pecuniary benefit or other benefit directly or indirectly for or in connection with the provision of financial product advice.

Referrals

We do not pay commissions or provide other benefits to any person for referring customers to CVS or us in connection with the advice that we are authorised to provide.

Associations and relationships

CVS is ultimately controlled and operates as part of Value Adviser Associates professional advisory practice. Our Directors may be executive directors of CVS.

From time to time, we may provide professional services to financial product issuers in the ordinary course of our business.

Complaints resolution

Internal complaints resolution process

As a holder of an Australian Financial Services Licence, CVS is required to have a system for handling complaints from retail clients to whom it and its representatives provide financial product advice. All complaints must be in writing, addressed to: The Complaints Officer, Capital Value Securities Pty Ltd, Level 2, 65 Southbank Boulevard, Southbank, Vic 3006.

When CVS receives a written complaint it will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practicable and not more than 45 days after receiving the written complaint, it will advise the complainant in writing of its determination.

Referral to External Dispute Resolution Proposed Scheme

A complainant not satisfied with the outcome of the above process, or the licensee's determination, has the right to refer the matter to the Financial Ombudsman Service Ltd ["FOS"]. FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available from the FOS website www.fos.org.au or by contacting them directly at: Financial Ombudsman Service Ltd. GPO Box 3, Melbourne Victoria 3001 or Toll free 1300 78 08 08 or by facsimile (03) 9613 6399.

Professional Indemnity insurance

Value Adviser Associates has Professional Indemnity insurance in place that covers claims in respect of current and former employees and representatives for services provided on behalf of Value Adviser Associates. This insurance satisfies the requirements under the Corporations Act relating to compensation arrangements.

Contact details

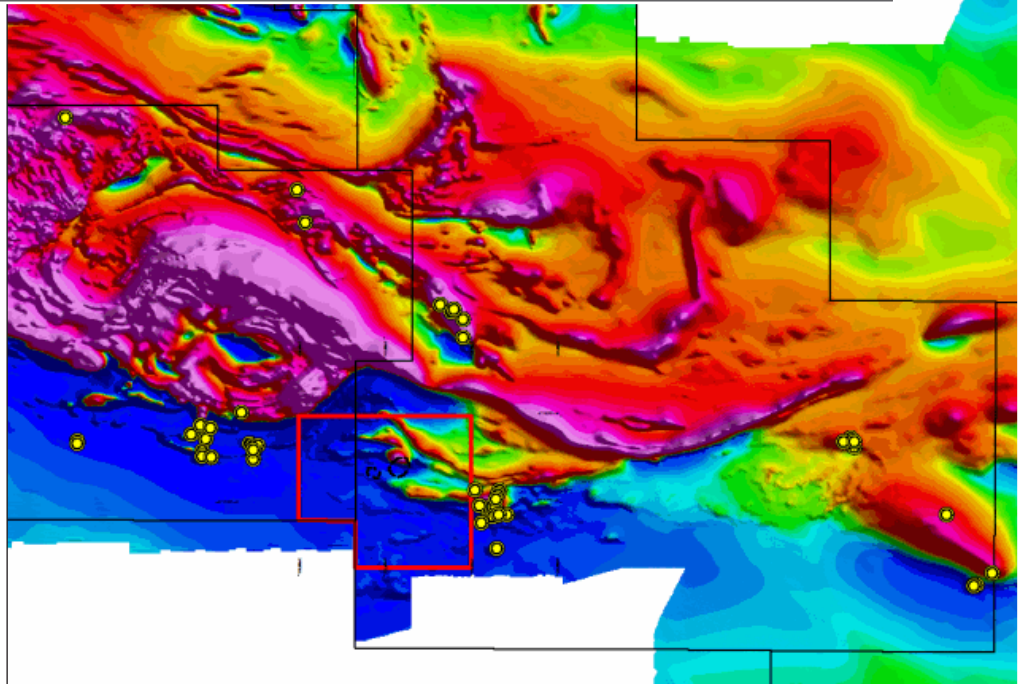
You may contact CVS at level 2, 65 Southbank Boulevard, Southbank Vic, 3006 or by phone (03) 9626 4300 or by facsimile (03) 9626 4301.

Appendix 5 – Optiro Report



Toro Energy Limited

Mt Woods Project – valuation of uranium rights



J_1331

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Principal Reviewer:

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December 2011

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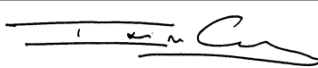
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Number of copies:

Optiro: 1

Toro Energy Limited: 1

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|---------------------|--|------------|--|
| Principal Author: | Christine Standing <i>BSc Hons, MAusIMM, MAIG</i> | Signature: |  |
| | | Date: | 19 December 2011 |
| Contributors: | | | |
| Principal Reviewer: | Ian Glacken <i>FAusIMM(CP), CEng</i> | Signature: |  |
| | | Date: | 19 December 2011 |

Important Information

This Report is provided in accordance with the proposal by Optiro Pty Ltd (“Optiro”) to Toro Energy Limited and the terms of Optiro’s Consulting Services Agreement (“the Agreement”). Optiro has consented to the use and publication of this Report by Toro Energy Limited for the purposes set out in Optiro’s proposal and in accordance with the Agreement. Toro Energy Limited may reproduce copies of this entire Report only for those purposes but may not and must not allow any other person to publish, copy or reproduce this Report in whole or in part without Optiro’s prior written consent.

Unless Optiro has provided its written consent to the publication of this Report by Toro Energy Limited for the purposes of a transaction, disclosure document or a product disclosure statement issued by Toro Energy Limited pursuant to the Corporations Act, then Optiro accepts no responsibility to any other person for the whole or any part of this Report and accepts no liability for any damage, however caused, arising out of the reliance on or use of this Report by any person other than Toro Energy Limited. While Optiro has used its reasonable endeavours to verify the accuracy and completeness of information provided to it by Toro Energy Limited and on which it has relied in compiling the Report, it cannot provide any warranty as to the accuracy or completeness of such information to any person.

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1. EXECUTIVE SUMMARY

At the request of Toro Energy Limited (Toro), Optiro has prepared an independent valuation of the uranium mineral assets contained within the Mt Woods Project located in South Australia. Optiro understands that this report may be used as a public document to support shareholder approval of the transaction announced by Toro on 18 November 2011 to terminate the Tenement Access Agreement between Oxiana Energy Pty Ltd (a wholly owned subsidiary of Toro) and OZ Minerals Prominent Hill Operations Pty Ltd (a wholly owned subsidiary of OZ Minerals Ltd) over EL4025, EL4132, EL4283 and EL4390, collectively referred to as the Mt Woods Project.

The report has been prepared in accordance with the requirements of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code, 2005). A site visit to the Mt Woods Project was undertaken by Mrs Christine Standing on 29 November 2011.

The Mt Woods Project area is prospective for Iron Oxide Copper Gold (IOCG) mineralisation, and surrounds ML6228 which contains the Prominent Hill operation and is not part of the Mt Woods Project. This report is only concerned with the exploration potential for uranium mineralisation.

Optiro considers that uranium mineralisation potential within the Mt Woods Project is at an early stage of exploration. In forming its opinion of the fair market value of the uranium rights at the Mt Woods Project Optiro used several different valuation methods; namely the Geoscientific rating method, comparable transactions and analysis of joint venture and farm-in agreements.

Optiro has determined the fair market value of uranium mineralisation within the Mt Woods tenements at an effective valuation date of 5 December 2011. Optiro has selected the value derived from the Geoscientific rating method as the preferred valuation for the exploration potential of uranium mineralisation. Optiro’s opinion of the fair market value of uranium mineralisation within the Mt Woods Project is that it is within the range A\$2.37 M to A\$3.70 M, with a preferred value of A\$3.03 M (Table 1.1).

Table 1.1 Mt Woods Project - valuation summary for uranium mineralisation

| Mineral asset | Method | Value (A\$M) | | |
|--|-------------------------|--------------|-------------|-------------|
| | | Low | High | Preferred |
| Uranium mineralisation exploration potential | Comparable transactions | 2.96 | 3.77 | 3.43 |
| | Geoscientific ratings | 2.37 | 3.70 | 3.03 |
| Overall | | 2.37 | 3.70 | 3.03 |

The opinions expressed and conclusions drawn with respect to this valuation of the uranium mineral assets are appropriate at the valuation date of 5 December 2011. The valuation is only valid for this date and may change with time in response to variations in economic, market, legal or political conditions in addition to future exploration results.

2. INTRODUCTION AND TERMS OF REFERENCE

2.1. INTRODUCTION

Toro Energy Limited was formed in 2006 to explore for uranium on Minotaur Exploration Ltd and Oxiana Ltd's (now OZ Minerals Ltd) South Australian tenements EL4025, EL4132, EL4283 and EL4390, collectively referred to as the Mt Woods Project. Oxiana Energy Pty Ltd (Oxiana Energy), a wholly owned subsidiary of Toro, has a Tenement Access Agreement with OZ Minerals Prominent Hill Operations Pty Ltd, a wholly owned subsidiary of OZ Minerals, at Mt Woods which grants Oxiana Energy the right to explore and, under certain conditions, mine economic uranium discoveries.

2.2. TERMS OF REFERENCE AND PURPOSE OF REPORT

On 18 November 2011, Toro announced that it had entered into an agreement with OZ Minerals to terminate the Tenement Access Agreement held by Oxiana Energy, over the Mt Woods Project tenements EL4025, EL4132, EL4283 and EL4390. At the request of Toro Energy Limited, Optiro has prepared an independent valuation of the uranium mineral assets contained within the Mt Woods Project. Optiro understands that this report may be required to be disclosed as a public document to support shareholder approval of the transaction announced by Toro on 18 November 2011 to terminate the Mt Woods Tenement Access Agreement.

2.3. RESPONSIBILITY FOR THE REPORT AND DATA SOURCES

This report was prepared by Mrs Christine Standing (Principal) and was reviewed by Mr Ian Glacken (Principal) of Optiro. The report has been prepared in accordance with the requirements of the Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the VALMIN Code, 2005). The authors of this report are either Members of the Australasian Institute of Mining and Metallurgy (AusIMM) or Australian Institute of Geoscientists (AIG) and, therefore, are obliged to prepare mineral asset valuations in accordance with the Australian reporting guidelines as set out in the VALMIN Code. All values have been compiled in Australian dollars (A\$) terms.

In developing its technical assumptions for valuation, Optiro has relied upon information provided by Toro and its consultants, as well as information obtained from other public sources. The material on which this report is based includes internal and open-file project documentation, technical reports and the drillhole database.

Optiro has reviewed all relevant technical and corporate information made available by the management of Toro, which was accepted in good faith as being true, accurate and complete, having made due enquiry. Optiro has sourced publically available information on recent transactions involving uranium properties and has had discussions with Mr Mark McGeough, General Manager, Exploration, of Toro and with Mr Marcel van Eck, Manager Exploration of OZ Minerals. Mrs Christine Standing visited the Mt Woods Project area on 29 November 2011 and viewed core from exploration diamond drillholes.

2.4. LIMITATIONS AND EXCLUSIONS

The report is based mainly on information provided by Toro and OZ Minerals, either directly from discussions and data provided, or from reports and correspondence with other organisations whose work is the property of Toro and OZ Minerals.

The report is based on information made available to Optiro from 21 November 2011 to 30 November 2011. Toro has not advised Optiro of any material change, or event likely to cause material change, to the technical assessment of the mineral assets contained within the Mt Woods Project exploration licences. The report specifically excludes any aspects relating to legal issues, commercial and financing matters, land titles and agreements, excepting such aspects as may directly influence the technical assessment of the asset.

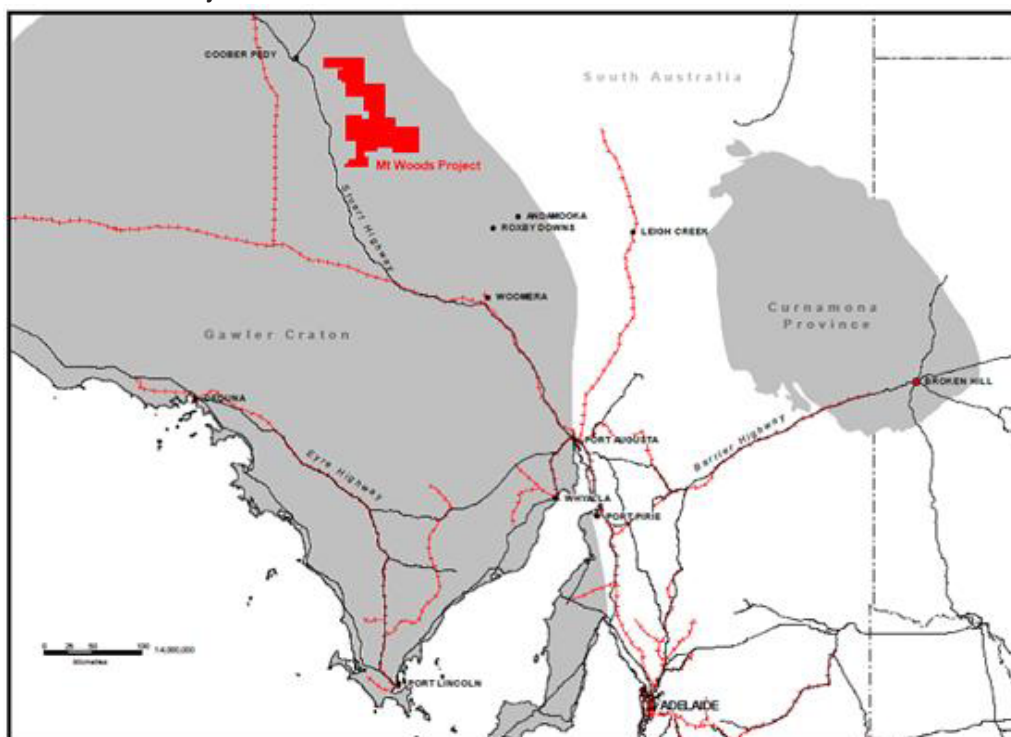
The conclusions expressed in this report are appropriate as at 5 December 2011. The valuation is only appropriate for this date and may change in time and response to variations to economic, market, legal or political factors, in addition to ongoing exploration results.

3. LOCATION AND ACCESS

The Mt Woods Project is located in South Australia, 600 km to 700 km north-northwest of Adelaide and 100 km to the southeast of Coober Pedy (Figure 3.1). Access to the exploration licences is by the sealed Stuart Highway from Adelaide or Coober Pedy, and then approximately 20 km via existing station tracks.

The region has a semi-desert climate, with average daily temperatures ranging from 18.7°C in July to 36.4°C in January. The average rainfall is around 175 mm per annum, with rainfall occurring at various times throughout the year.

Figure 3.1 Mt Woods Project location



4. TENURE AND OWNERSHIP

Toro Energy Limited was formed in 2006 to explore for uranium on Minotaur Exploration Ltd and Oxiana Ltd’s (now OZ Minerals Ltd) South Australian tenements. The Mt Woods Project is based on exploration licences in the area surrounding, but not including, OZ Minerals’ Prominent Hill Mining Lease (ML6228).

The Mt Woods Project tenements comprise four exploration licences that are held by OZ Minerals Prominent Hill Operations Pty Ltd with a total area of 3,767 km² (Table 4.1).

Table 4.1 Mt Woods Project - tenement schedule

| Current number | Previous number | Tenement name | Tenement holder | Area (km ²) | Grant date | Expiry date |
|----------------|-----------------|---------------|---|-------------------------|------------|-------------|
| EL4025 | EL3056 | Painted Hill | OZ Minerals Prominent Hill Operations Pty Ltd | 1,674 | 21/1/2008 | 20/1/2012 |
| EL4132 | EL3079 | Birthday Hill | OZ Minerals Prominent Hill Operations Pty Ltd | 1,060 | 30/4/2008 | 29/4/2012 |
| EL4283 | EL3162 | White Hill | OZ Minerals Prominent Hill Operations Pty Ltd | 587 | 1/7/2009 | 30/6/2011* |
| EL4390 | EL3229 | Mt Hawker | OZ Minerals Prominent Hill Operations Pty Ltd | 446 | 9/12/2009 | 8/12/2012 |
| Total | | | | 3,767 | | |

*Renewal application lodged

4.1. MATERIAL AGREEMENTS

Oxiana Energy Pty Ltd, a wholly owned subsidiary of Toro Energy Ltd, has a Tenement Access Agreement with OZ Minerals Prominent Hill Operations Pty Ltd, a wholly owned subsidiary of OZ Minerals, at Mt Woods which grants Oxiana Energy the right to explore and, under certain conditions, mine economic uranium discoveries. The Tenement Access Agreement grants Oxiana Energy access to all exploration data collected on the four tenements by OZ Minerals, and Oxiana Energy is entitled to explore for uranium on tenements EL4025, EL4132, EL4283 and EL4390. Oxiana Energy’s access arrangement does not include the Prominent Hill Mining Lease, ML6228.

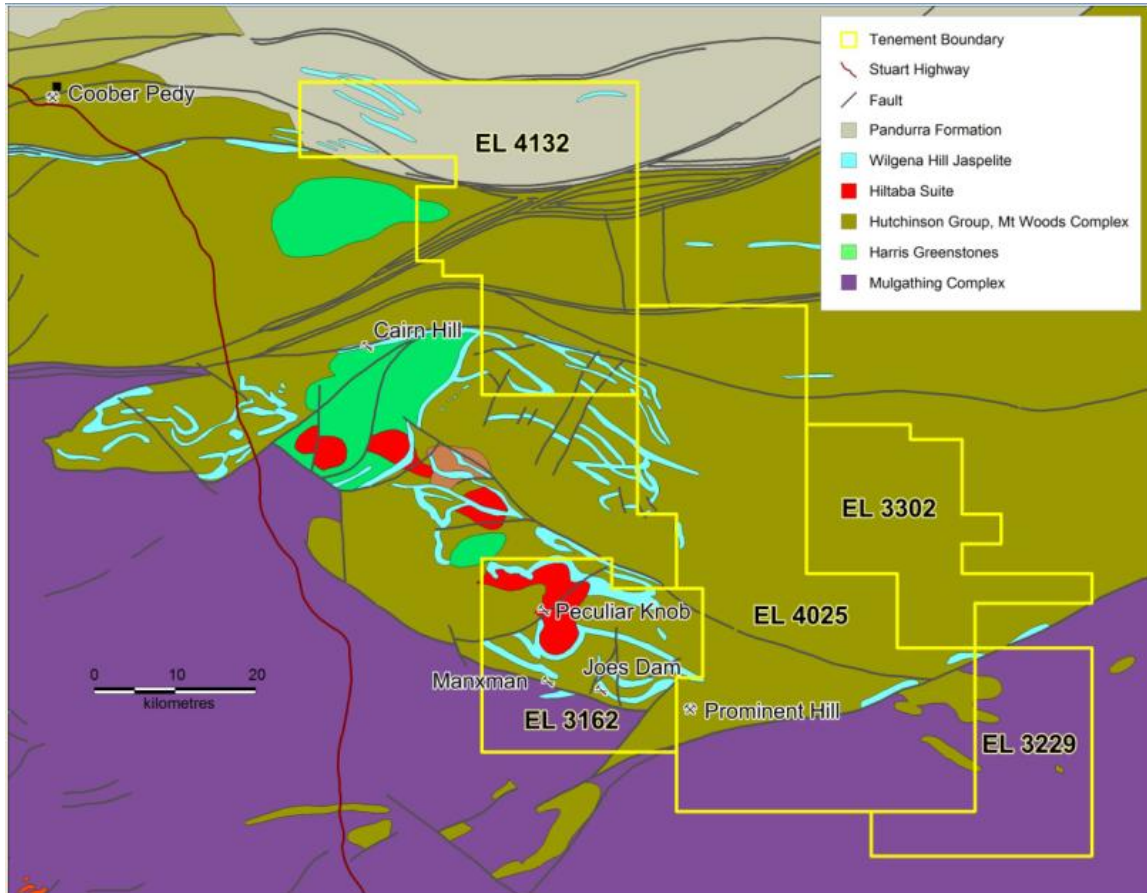
5. GEOLOGY AND MINERALISATION

The Mt Woods Project area covers the Mt Woods Inlier in the north-eastern Gawler Craton, South Australia. Basement rocks include Archaean gneisses of the Mulgathing Complex and Palaeoproterozoic metasediments and metavolcanics of the Mt Woods Complex. The Harris Greenstone domain includes Archaean-Proterozoic komatiite, komatiitic basalt, tholeiitic basalt, and subordinate banded iron formation, metasediments, felsic volcanics, and pyroclastics metamorphosed to amphibolite facies. Outcrop of the basement rocks is very limited and the extent has been interpreted from aeromagnetic images. The basement rocks have been intruded by Mesoproterozoic Hiltaba Suite granites and the comagmatic Gawler Range Volcanics, which host the mineralisation at the Prominent Hill Mine (Figure 5.1).

The north-eastern region of the Gawler Range is comprised of Mesoproterozoic, unmetamorphosed, flat-lying, arenaceous red-bed sediments of the Pandurra Formation.

Most of the area is covered by upper Palaeozoic, Mesozoic or Cenozoic glaciogenic, lacustrine and marine sedimentary sequences generally ranging from about 40 m to more than 200 m in thickness. Adelaidean tillite and possibly rocks of the Tapley Hill Formation are sporadically present in the area.

Figure 5.1 Interpreted bedrock geology of the Mt Woods Project



Note: EL 3162 is now EL 4283; EL 3229 is now EL 4390; EL 3302 is not included in the Mt Woods Project uranium Tenement Access Agreement.

The Mt Woods exploration licences are prospective for iron oxide copper gold and uranium (IOCG-U) mineralisation, similar to the Prominent Hill and Olympic Dam Mines. Toro has identified the following uranium exploration targets within the Mt Woods Project area:

- IOCG-U in Gawler Range Volcanics or Palaeoproterozoic basement
- basement-hosted unconformity and vein-style uranium associated with the Pandurra Formation
- Permian or Jurassic palaeochannels with tabular or roll-front uranium mineralisation
- redox stratabound uranium mineralisation within the overlying sediments.

There are three IOCG-U deposits of significant size in the Gawler Craton discovered to date: Olympic Dam, Prominent Hill and Carrapateena. At Olympic Dam the uranium grade is sufficient to be economic and averages around 400 ppm U₃O₈. The Prominent Hill mine contains an average grade of 106 ppm U₃O₈, with parts of the ore body averaging between 212 ppm and 260 ppm U₃O₈. The uranium grade is unknown at Carrapateena, but is probably between that at Olympic Dam and Prominent Hill.

6. EXPLORATION

6.1. PREVIOUS EXPLORATION

Since 1977 many companies have explored this region for IOCG deposits, with Minotaur Resources Ltd being successful at Prominent Hill in 2001. Other targets for past explorers included iron ore, diamonds, industrial minerals, coal, base metals, precious metals and nickel. Only a few companies undertook uranium-specific exploration. The earliest recorded was Dampier Mining Co. Ltd (Dampier), which explored the adjacent Millers Creek area to the south of the project in 1973 and 1974. Dampier drilled four rotary stratigraphic holes near Woolshed Bore to search for sedimentary uranium. The drillholes intersected Permian marine sediments, which yielded no radiometric anomalies or other mineralisation, except abnormal amounts of pyrite in one drillhole.

Kennecott Exploration Company and Samedan Oil Corporation (Samedan) explored for IOCG style mineralisation in basement rocks and sedimentary uranium between 1977 and 1979. Geological mapping, water bore sampling and ground radioactivity surveys by Samedan did not locate any near-surface uranium.

CRA Exploration Pty Ltd (CRAE) explored a region lying mostly to the west of the project area between 1981 and 1993. CRAE's targets included stratiform base metals, iron ore, diamonds and IOCG style copper-gold-uranium, as well as sedimentary uranium in outcropping Cretaceous sediments. CRAE undertook airborne magnetic and radiometric surveys, geological mapping and stream sediment and gravel sampling. Follow-up work included ground magnetic, gravity and radiometric surveys, geological mapping, rock chip sampling and drilling, which intersected anomalous levels of uranium associated with copper and gold at several prospects. In 1986, CRAE intersected 6.6 m containing 159 ppm U_3O_8 from 215.2 m in a drillhole at the Manxman prospect (Figure 6.1).

6.2. RECENT EXPLORATION

Since 2007, OZ Minerals has actively explored the Mt Woods Project area using drilling and geophysical surveys (gravity and induced polarisation). OZ Minerals' exploration has been focussed on copper and gold mineralisation associated with IOCG systems, and uranium analysis has been carried out as part of the suite of elements.

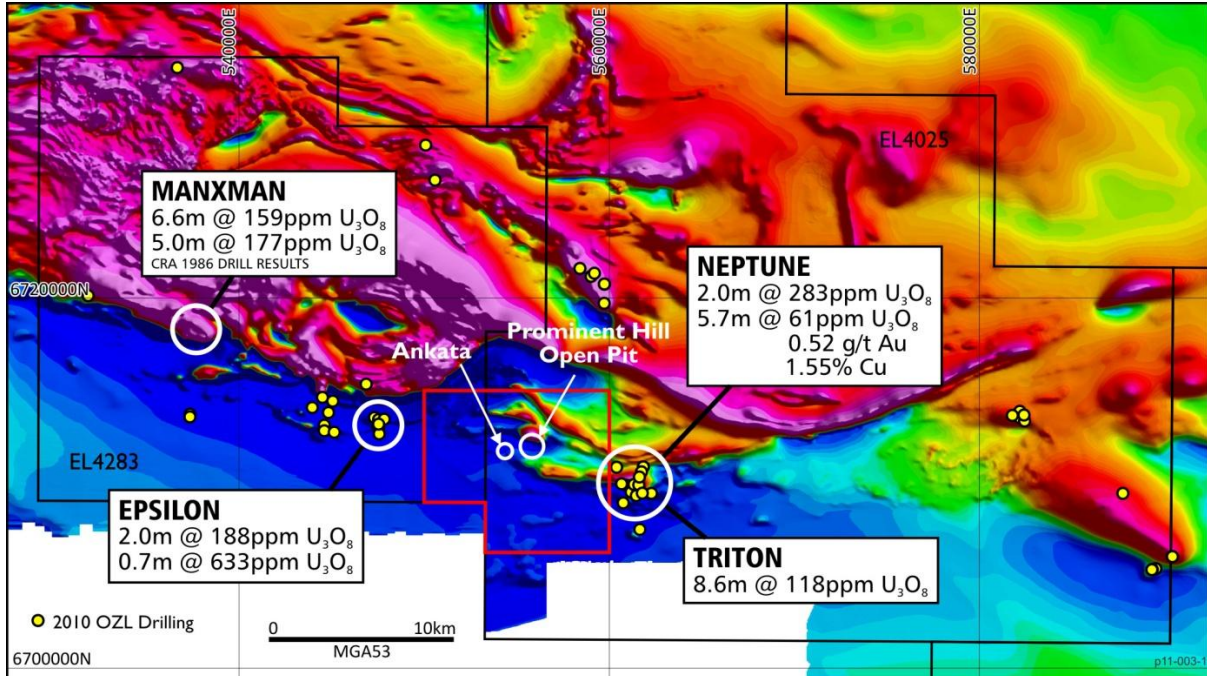
In 2007, Toro ran gamma and resistivity probes down 15 existing exploration drillholes and water bores that represent a spread of geological environments. Radiation and conductive features were reported in all drillholes that show established IOCG alteration.

Drilling by OZ Minerals has intersected only a few anomalous uranium intersections. These are included in Figure 6.1. The results indicate that the uranium mineralisation is not associated with copper mineralisation.

Exploration for other forms of uranium mineralisation, for instance associated with unconformities or as stratabound lenses within the overlying sediments, has been the subject of limited exploration. Within the sediments overlying the Palaeoproterozoic basement OZ Minerals takes composite

samples over intervals of about three metres. This is directed at determining pathfinder anomalism and samples are not of good quality. Examination of this data indicates that uranium levels are low (<100 ppm U_3O_8) within the overlying sediments.

Figure 6.1 OZ Minerals’ 2010 drillhole results with anomalous uranium mineralisation on magnetic survey image

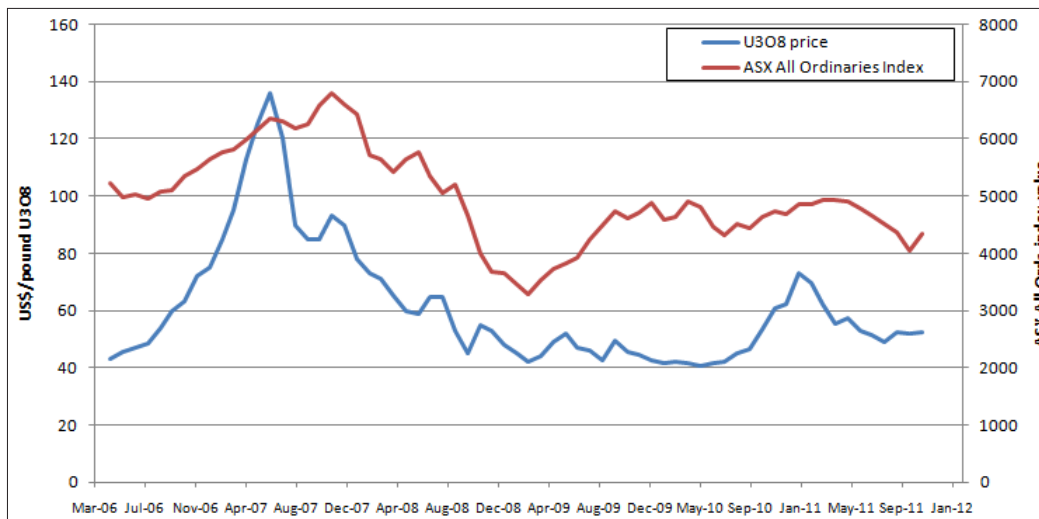


7. URANIUM PRICES

A chart of the historical uranium (U_3O_8) price data and ASX All Ordinaries Index from May 2006 to November 2011 is included as Figure 7.1. Optiro notes that the uranium price reached a peak in mid-2007 and then declined, in line with the ASX All Ordinaries index, until the end of 2008. The ASX All Ordinaries index recovered and remained relatively steady until May 2011, when it again declined. The uranium price remained at low levels until August 2010 and peaked again in January 2011. During 2011 it has decreased in line with the ASX All Ordinaries index and in response to the Fukushima reactor incident in Japan, with a small improvement in both during November 2011. The current long-term contract price for uranium is reportedly around US\$63lb U_3O_8 (HD Capital Partners LLP, October 2011).

For the selection of comparable transactions Optiro has used transactions that occurred after March 2009, representing a period of relative price stability.

Figure 7.1 Uranium (U₃O₈) price and ASX All Ordinaries index from May 2006 to November 2011 (source: Intierra and Yahoo Finance)



8. VALUATION CONSIDERATIONS

There are a number of recognised methods used in valuing mineral assets. The most appropriate application of these various methods depends on several factors, including the level of maturity of the mineral asset, and the extent and reliability of information available in relation to the asset. The VALMIN Code classifies mineral assets according to the maturity of the asset:

- **Exploration areas** - properties where mineralisation may or may not have been identified, but where a Mineral Resource has not been identified.
- **Advanced exploration areas** - properties where considerable exploration has been undertaken and specific targets have been identified that warrant further detailed evaluation, usually by drill testing, trenching or some form of detailed geological sampling. A Mineral Resource may or may not have been estimated but sufficient work will have been undertaken on at least one prospect to provide both a good understanding of the type of mineralisation present and encouragement that further work will elevate one or more prospects to the resource category.
- **Pre-development projects** - properties where Mineral Resources have been identified and their extent estimated, but where a decision to proceed with development has not been made. This includes projects at an early assessment stage, on care and maintenance or where a decision has been made not to proceed with immediate development.
- **Development projects** - properties for which a decision has been made to proceed with development, but which are not commissioned or are not operating at design levels.
- **Operating mines** - mineral properties that have been fully commissioned and are in production.

The VALMIN Code defines value as the fair market value of a mineral asset. The fair market value is the amount of money (or the cash equivalent of some other consideration) for which the mineral asset should change hands on the valuation date in an open and unrestricted market between a willing buyer and a willing seller in an ‘arm’s length’ transaction, with each party acting

knowledgeably, prudently and without compulsion. In times of high commodity prices and/or buoyant share market conditions the fair market value ascribed to mineral assets may be higher than their technical value. The fair market value of the mineral asset comprises:

- The underlying or technical value which is an assessment of a mineral asset’s future economic benefit under a set of assumptions, excluding any premium or discount for market, strategic or other considerations.
- The market component, which is a premium or discount relating to market, strategic or other considerations.

In assessing the value of the uranium rights within the Mt Woods exploration tenements, Optiro has considered both the technical value and the fair market value of these mineral assets. It is important to note that Optiro’s valuation is based on the uranium rights only.

9. VALUATION APPROACH AND METHODOLOGY

In determining the appropriate valuation method(s) to be used for the tenements at the Mt Woods Project, Optiro has taken into consideration the classification of these assets according to the categories defined in the VALMIN Code and the different methodologies that are generally accepted as industry practice for each classification. Generally there are three broad methods of valuation that are used for valuing mineral assets: these are the market approach, cost approach and income approach. The market and cost approaches are used for grass-roots through to advanced exploration stages and the income approach is used for advanced projects with defined reserves to operating mines.

In relation to the uranium mineralisation potential the Mt Woods Project is considered to be an early stage exploration project. Valuation methodologies generally used for early stage exploration properties are market and cost approaches. The valuation approaches that are generally adopted for early exploration areas are defined as inferential methods and rely on comparative or subjective inputs, such as a “rule of thumb” or appraised value method. Such a method values the property in dollars per unit area.

The methodologies considered by Optiro to determine a value for the exploration potential for uranium mineralisation within the Mt Woods Project are summarised below.

9.1. GEOSCIENTIFIC RATING METHOD

The most well known method of the Geoscientific ratings type is the modified Kilburn Geological Engineering/Geoscientific method which was developed by a Canadian geologist who wished to introduce a more systematic and objective way of valuing exploration properties. The Kilburn and similar rating approaches are acknowledged as industry-standard valuation tools. This method is Optiro’s preferred valuation tool for early stage exploration projects.

The Kilburn method uses a Geoscientific rating which has as its fundamental value a base acquisition cost (BAC) of the tenement. The BAC is the average cost to acquire a unit of exploration tenement (generally one square kilometre or one hectare) and maintain it for one year, including statutory fees and minimum expenditure commitments.

The determination of the BAC for the exploration licences and the exploration retention licence in South Australia considered the application and retention costs as set by the Government of South Australia Department for Manufacturing, Innovation, Trade, Resources and Energy – Minerals, and the average identification, administration and expenditure costs. The BAC applied to Mt Woods exploration licences is A\$310/km².

Four technical factors are then applied serially to the BAC of each tenement which enhance, downgrade or have no impact on the value of the property and which allow a value per tenement to be determined. The four technical factors are:

- **Off-property factor** – relates to physical indications of favourable evidence for mineralisation such as workings and mining on the nearby properties, which may or may not be owned by the company being valued. Such indications are mineralised outcrops, old workings through to world-class mines.
- **On-property factor** – this is similar to the off property factor but relates to favourable indications on the property itself, such as mines with significant production.
- **Anomaly factor** – the anomaly factor relates to the degree of exploration which has been carried out and the level and/or number of the targets which have been generated as a consequence of that exploration. Properties which have been subject to extensive exploration without the generation of sufficient or quality anomalies are marked down under the Kilburn approach.
- **Geological factor** – this refers to the amount and exposure of favourable lithology and/or structure (if this is related to the mineralisation being valued) on the property. Thus properties which have a high coverage of favourable lithology and through-going structures will score most highly.

The ratings applied by Optiro are listed in Table 9.1.

This methodology is used to determine the technical value and a fifth factor, reflecting the current state of the market, is applied to determine the market value. This market value determined from the Geoscientific rating method has been verified by consideration of the current market for uranium exploration properties in Australia.

Table 9.1 Geoscientific rating criteria (modified by Optiro)

| Rating | Off-property factor | On-property factor | Anomaly factor | Geological factor | |
|--------|--|--|--|---|---|
| 0.1 | | | | Generally unfavourable geological setting | |
| 0.5 | | | | Extensive previous exploration with poor results | Poor geological setting |
| 0.9 | | | | Poor results to date | Generally favourable geological setting, under cover |
| 1.0 | No known mineralisation in district | No known mineralisation within tenement | No targets defined | Generally favourable geological setting | |
| 1.5 | Mineralisation identified | Mineralisation identified | Target identified, initial indications positive | Favourable geological setting | |
| 2.0 | Resource targets identified | Exploration targets identified | | | Significant intersections - not correlated on section |
| 2.5 | | | | | |
| 3.0 | Along strike or adjacent to known mineralisation | Mine or abundant workings with significant previous production | Several significant ore grade intersections that can be correlated | Mineralised zones exposed in prospective host rocks | |
| 3.5 | | | | | |
| 4.0 | Along strike from a major mine(s) | Major mine with significant historical production | | | |
| 5.0 | Along strike from world class mine | | | | |

9.2. COMPARABLE TRANSACTION METHOD

The comparable market value approach is a market based approach and is an adaptation of the common real estate approach to valuation. For the purposes of mineral asset valuation, a valuer compiles and analyses transactions, converted to a 100% equity basis, of projects of similar nature, time and circumstance with a view to establishing a range of values that the market is likely to pay for a project. The comparable market approach:

- is intuitive, easily understood and readily applied
- implies a market premium/discount for the prevailing sovereign risk
- captures market sentiment for specific commodities or locations
- accounts for intangible aspects of a transaction (i.e. intellectual property).

The transactions deemed to be analogous to the mineral asset being valued are used to determine a unit price (e.g. \$/km² or \$/tonne metal, etc.) for the asset being valued. However, there is an intricate value dynamic between the quantity (size) and quality (grade or prospectivity) that may result in the exclusion of a large number of comparable transactions which in turn may undermine the accuracy of this method.

The comparable market value approach is widely used throughout the minerals industry; however, the valuer must take into account that this approach is largely retrospective and does not take into account anticipated or recent commodity or other market price movements.

9.3. JOINT VENTURE TERMS METHOD

The joint venture terms method is a variation of the comparable market value method. This technique involves transactions where only partial ownership of a project is acquired. The joint venture terms method provides the valuer with a larger acquisitions dataset than the comparable market value method, and consequently these approaches are often used simultaneously in mineral asset valuations.

It is recognised that the market will attribute a sliding-scale premium in accordance with the level of ownership acquired (i.e. a joint venture agreement for a 51% interest in a project may attract a market value significantly above that for an identical project in which a 49% interest is acquired). The valuer needs to account for any potential associated with ownership premiums.

9.4. APPRAISED VALUE METHOD

The cost approach or Appraised Value method is founded on the assumption that the intrinsic value of the exploration tenement is based on the exploration expenditure, and that a highly prospective tenement will generally encourage a higher level of exploration expenditure.

This valuation methodology relies upon the premise that a project is at least worth what the owner has previously spent and/or committed to spending in the future. It considers historical and/or planned future expenditure on the mineral asset and includes the amount of expenditure that has been meaningfully used in the past to define a target or resource and the future costs in advancing the exploration.

The value of the property may be determined from the sum of past effective exploration expenditure (usually limited to the past three years) plus any committed exploration expenditure in the current year and the application of a prospectivity enhancement multiplier (PEM). The PEM is determined by the level of sophistication of the exploration for which positive exploration results have been obtained and usually ranges from 0.5 to 3.0.

The principal shortcomings of this method are that there is no consistent base from which to derive the valuation and there is no systematic approach taken in determining the PEM. Optiro places less reliance on values determined this method than those determined from the Geoscientific ratings and comparable transaction methods.

10. VALUATION

Optiro's approach has been to use the following valuation methodologies for the exploration potential for uranium mineralisation within the Mt Woods Project tenements:

- the Geoscientific rating method
- comparable transactions
- joint venture terms.

Optiro considered using the appraised market method, but as exploration expenditure by OZ Minerals has been directed towards the delineation of copper and gold mineralisation associated with IOCG systems, this was not considered to be representative of the potential value of uranium

mineralisation exploration. Uranium mineralisation can be associated with IOCG systems, but may equally be related to a different mineralising event to the copper and gold mineralisation.

10.1. COMPARABLE TRANSACTIONS AND JOINT VENTURE TERMS

Optiro reviewed recent transactions involving Australian early-stage, uranium exploration projects. To obtain a dataset that is relevant under the current time and circumstance, Optiro has selected transactions that occurred after March 2009 (see Section 7 above) and are prospective for igneous, sedimentary and unconformity related uranium mineralisation. Optiro selected 12 transactions that are considered to be of use in assessing the current market value attributed to uranium mineralisation potential similar to that at Mt Woods. Optiro excluded properties with resources, defined exploration target tonnages and drilling results with high grade uranium mineralisation. The transactions selected by Optiro are listed in Table 10.1.

Optiro also examined recent transactions for tenements considered prospective for IOCG-U mineralised systems. As it was not possible to differentiate between the value attributed to the uranium mineralisation potential and the value attributed to the copper and gold mineralisation potential these were not used in this analysis.

Optiro's analysis of the transactions suggests that Australian early-stage, uranium exploration projects similar to the Mt Woods Project tenements may attract market values in the range A\$16/km² to A\$3,900/km² on a 100% equity basis, with higher unit values being associated with small (<600 km²) project areas.

Analysis of uranium transactions has indicated a strong negative relationship between the total area and the unit transaction values (Hinzer, 2006). The distribution of the transactions selected by Optiro, based on the total area and unit sales price, indicates a strong negative relationship, with smaller properties having higher unit transaction values (Figure 10.1). In Optiro's opinion, two of the transactions (Woolgni West and Waterford) were traded at significantly lower values than the other ten properties and were thus excluded from the initial analysis of the data.

The relationship obtained from analysis of ten transactions (Figure 10.1) indicates that the Mt Woods Project may be expected to attract a market value of A\$3.43 M. Inclusion of the Woolgni West and Waterford transactions indicates a lower market value of A\$2.96 M. An upper value of A\$3.77 was established, being 10% higher than the preferred value. These values equate to a unit value range of A\$785 to A\$956/km².

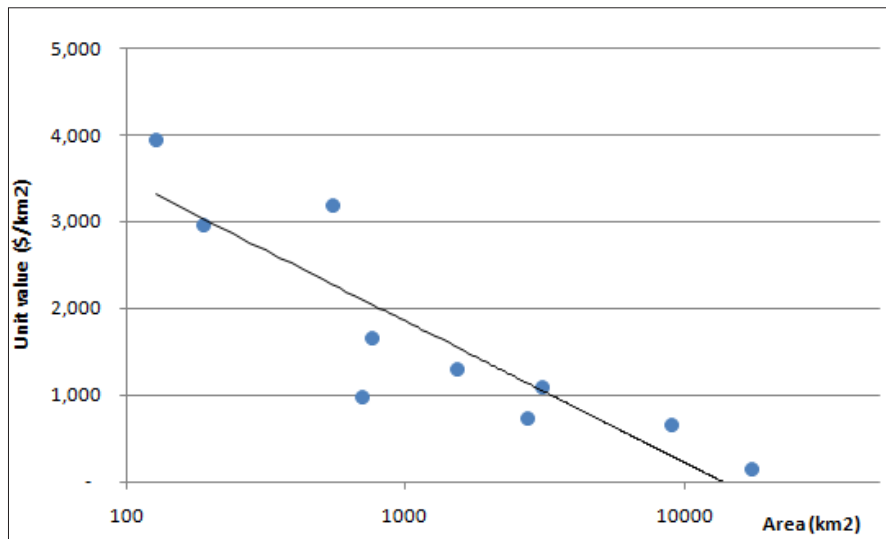
Table 10.1 Selected transactions involving Australian exploration projects with uranium mineralisation

| Project | Date | Transaction | Project | Area (km ²) | Implied value (A\$/km ²) |
|---|--------|---|---|-------------------------|--------------------------------------|
| Murphy - NT | Dec-08 | JOGMEC acquired a 51% interest in Bondi Mining's Murphy project tenements by the commitment to spend \$3.0 M on exploration over 3 years. | Project is within the Murphy Inlier which is prospective for unconformity uranium mineralisation. Along strike from the Westmoreland uranium deposits of Laramide resources. | 9,056 | 650 |
| Mundong Well and Mundong Well West - WA | Jul-09 | Artemis Resources acquired an option to purchase KTL Technologies Ltd's 20% share of the E08/1609 (14 BL) covering the Mundong Well Project and 100% of the E8/1892 (47 BL) covering the Mundong West project for \$0.1 M and 3 M Artemis shares. | Project consists of strongly mineralised zones within radiometrically anomalous Palaeoproterozoic granite and palaeochannels. | 189.1 | 2,967 |
| Birrindudu - NT | Sep-09 | Toro Energy Ltd to drill a minimum of 4 diamond drillholes and expend a minimum of \$1.0 M during initial 2 year earn-in period to acquire a 50.1% equity in the project (with Cameco Australia). | The Birrindudu project encompasses the regional unconformity between the Tanami Domain and the Birrindudu Basin. The geological setting is analogous with the Alligator Rivers uranium field in the Northern Territory that hosts Ranger and Jabiluka. Geophysical surveys have identified a number of anomalies. | 1,535 | 1,300 |
| Yalanda JV - SA | Sep-09 | Adelaide Resources Limited and Southern Uranium Limited formed a joint venture, in which Southern Uranium can increase equity by 20% by spending \$0.25 over 2 years. | Project area prospective for bedrock uranium mineralisation within the Gawler Craton; has radiometric anomalies and rock chip results of up to 0.23% U. | 758 | 1,649 |
| Gardner Range Project - WA | Oct-09 | Northern Uranium Ltd to earn a 60% interest in Manhattan Corporation Ltd's Gardner Range Project by expenditure of \$1.05 M. | Project located in the Tanami region of WA. Consists of 4 granted exploration licences. Historic drilling within the project area intersected unconformity related uranium mineralisation in graphitic shale at a depth of 40 m. | 550 | 3,182 |
| Mundong Well - WA | Oct-09 | Artemis Resources acquired KTL Technologies Ltd's 80% share of the exploration licence covering the Mundong Well Project for a purchase price of \$400,000. | Project consists of strongly mineralised zones within radiometrically anomalous Palaeoproterozoic granite and palaeochannels. | 127 | 3,937 |
| Woolgini West - NT | Oct-09 | Resource Star Ltd acquired 3 exploration licences from Jupiter Mines Ltd for \$5,000. | Project located on the prospective margins of the highly endowed uranium province known as the Pine Creek geosyncline. Potential for sediment hosted redox style mineralisation in sandstone. | 317 | 16 |

Table 10.1 cont. Selected transactions involving Australian exploration projects with uranium mineralisation

| Project | Date | Transaction | Project | Area (km ²) | Implied value (A\$/km ²) |
|--|--------|--|---|-------------------------|--------------------------------------|
| Waterford - Qld | Feb-10 | China Yunnan Copper acquired one exploration tenement from Carpentaria Exploration for \$20,000. | Project area is prospective for sediment hosted uranium mineralisation. | 317 | 63 |
| Mt Phillips, Hector Bore, Stanley, Nabberu, Hyden - WA | May-11 | China Coal Geology Engineering Corporation entered farm-out agreement to invest \$2 M for 60% equity interest, with option of increasing by 20% by investing a further \$0.75 M over 3 years. | Project areas are considered to have potential for primary uranium, palaeochannel and surficial uranium in calcrete sourced from the Proterozoic granites of the Gascoyne province. | 3,088 | 1,079 |
| Allambi tenement - NT | Jun-11 | Parker Resources NL entered into a farm-in/joint venture agreement with Excelsior Gold Limited to earn up to 70% interest for 0.25 M shares in Parker Resources, payment of \$20,328 in rent and expenditure of \$0.4 M in exploration within 3 years. | Project area prospective for sandstone style uranium mineralisation. | 702 | 967 |
| Central Energy projects - NT | Nov-11 | Eclipse Uranium Ltd to acquire Central Energy Pty Ltd which has 5 ELs and 22 ELAs in the Northern Territory for 35 M Eclipse Uranium Ltd shares. | Tenements prospective for unconformity related uranium mineralisation. | 17,428 | 141 |
| Rundall East - WA | Nov-11 | Marmota Energy Limited agreed to earn 51% interest in uranium rights from Teck Australia Pty Ltd for A\$1 M expenditure over 3 years and 0.5 M Marmota shares. | Seven tenements in regions considered prospective for palaeochannel, unconformity and sandstone hosted uranium mineralisation, located about 140 km from the Kintyre uranium deposit. | 2,736 | 738 |

Figure 10.1 Uranium transactions – area of property versus unit value



10.2. GEOSCIENCIFIC RATING METHODS

Optiro determined Geoscientific ratings for each tenement in reference to the off-property, on-property, anomaly and geology factors for potential uranium mineralisation. The ratings are listed in Table 10.2.

Optiro assigned the ratings based on:

- the favourable regional geology
- the location of the project area within the recognised IOCG province that contains the Olympic Dam, Carrapateena and other IOCG deposits
- the relatively low grades of uranium associated with copper mineralisation in the Prominent Hill Mine (adjacent to and not part of the Mt Woods Project)
- the delineation of geophysical anomalies and identification of IOCG systems within the project area
- the relatively sparse coverage of the tenements by current exploration data, which has focussed on copper-gold mineralisation potential
- the very low levels of uranium mineralisation obtained from the drilling results to date.

Table 10.2 Geoscientific rating criteria applied to uranium mineralisation potential

| Tenement | Off property factor | | On property factor | | Anomaly factor | | Geology factor | |
|----------|---------------------|------|--------------------|------|----------------|------|----------------|------|
| | Low | High | Low | High | Low | High | Low | High |
| EL4132 | 1.5 | 1.5 | 1 | 1.2 | 1 | 1 | 1.5 | 1.8 |
| EL4025 | 1.5 | 1.5 | 1 | 1.2 | 0.9 | 1 | 1.5 | 1.8 |
| EL4283 | 1.5 | 1.5 | 1 | 1.2 | 0.9 | 1 | 1.5 | 2 |
| EL4390 | 1.5 | 1.5 | 1 | 1.2 | 1 | 1 | 1 | 1.2 |

Fair market value is the technical value (as determined by the Geoscientific ratings) plus a premium or discount to account for market, strategic considerations and special purposes. Optiro has examined the past and forecast uranium price and has elected to not to apply a premium or discount to this valuation.

The following assumptions have been used by Optiro in applying the Geoscientific ratings method to determine a value for the uranium mineralisation potential of the Mt Woods exploration tenements:

- BAC for South Australian exploration licence - A\$310/km²
- market factor for uranium properties - no premium or discount.

Based on the Geoscientific ratings of the uranium mineralisation within the Mt Woods tenements and a 100% equity, the four tenements could be expected to have a value that lies in the range A\$2.37 M to A\$3.70 M, with a preferred value of A\$3.03 M.

Optiro’s analysis of the transactions suggests that Australian early-stage, uranium exploration projects similar to the Mt Woods tenements may attract market values in the range A\$16/km² to A\$3,900/km². Based on the Geoscientific ratings of the uranium mineralisation within the Mt Woods tenements an average value of A\$805/km² has been determined. This at the lower end of the range of market values indicated by the recent comparable transactions and reflects the disappointing exploration results obtained to date.

10.3. SUMMARY VALUATION

Optiro has applied a number of recognised valuation methods to derive a value estimate for the mineral assets relating to the uranium mineralisation within the exploration tenements of the Mt Woods Project.

Optiro’s opinion of the fair market value of uranium mineralisation within the exploration tenements of the Mt Woods Project, using the methodologies described above, is summarised in Table 10.3. Optiro has selected the values derived from the Geoscientific rating method as the preferred valuation for the exploration potential. This reflects the results obtained from the recent exploration at the Mt Woods Project and the geological potential in the as yet unexplored areas.

Table 10.3 Mt Woods Project - valuation summary for uranium mineralisation

| Mineral asset | Method | Value (A\$M) | | |
|--|-------------------------|--------------|-------------|-------------|
| | | Low | High | Preferred |
| Uranium mineralisation exploration potential | Comparable transactions | 2.96 | 3.77 | 3.43 |
| | Geoscientific ratings | 2.37 | 3.70 | 3.03 |
| Overall | | 2.37 | 3.70 | 3.03 |

In this report, Optiro has determined the current fair market value of the uranium mineralisation within the exploration tenements at the Mt Woods Project as at 5 December 2011. Optiro’s opinion of the fair market value of these assets is that it is within the range A\$2.37 M to A\$3.70 M, with a preferred value of A\$3.03 M. The values assigned to these mineral assets are in nominal Australian dollars (A\$) and were prepared with an effective valuation date 5 December 2011.

11. PREVIOUS MINERAL ASSET VALUATIONS

Towards the end of 2009 discussions were held between Toro and OZ Minerals regarding the on-going nature of the Mt Woods agreement. Both Toro and OZ Minerals commissioned independent valuations on the value of the uranium rights. Toro commissioned SRK Consulting (Australasia) Pty Ltd (SRK) who completed the review in November 2009, while OZ Minerals commissioned AMC Consultants Pty Ltd (AMC) who completed their review at the end of January 2010 and signed the report in May 2010.

SRK valuation

SRK used two valuation methods; the Exploration Risk Method and the Comparable Transactions method. Only three transactions were used; Yarlaweelor (October 2009), Yaneena (January 2009) and Mundong Well (July 2009). The SRK report derived a preferred valuation of A\$13.8 M, with a range of A\$8.1 M to A\$19.8 M.

AMC valuation

The valuation prepared by AMC was calculated using the Comparable Transactions method and the Past Expenditure method. A 5% discount rate was applied to the past expenditure, on the basis that there was no previous exploration for standalone uranium, with exploration entirely for IOCG targets. For the uranium rights AMC used the Past Expenditure method to derive \$0.4 M to \$0.48 M and the Comparable Transactions method (based on eight uranium transactions and six IOCG-U transactions) gave a value of A\$1.0 M to A\$4.8 M. The AMC preferred valuation was A\$1.7 M, with a range of A\$0.4 M to A\$4.8 M.

Optiro notes that since the SRK and AMC valuations were prepared, almost 18,000 samples from holes drilled in 2010 and 2011 have been assayed for uranium, of which only four samples returned grades of >200 ppm U₃O₈. Optiro's valuation of the tenements takes the results from this additional exploration into consideration.

12. DECLARATIONS BY OPTIRO

12.1. INDEPENDENCE

Optiro is an independent consulting and advisory organisation which provides a range of services related to the minerals industry including, in this case, independent geological services, but also resource evaluation, corporate advisory, mining engineering, mine design, scheduling, audit, due diligence and risk assessment assistance. The principal office of Optiro is at 50 Colin Street, West Perth, Western Australia, and Optiro's staff work on a variety of projects in a range of commodities worldwide.

This report has been prepared independently and in accordance with the VALMIN and JORC Codes. The authors do not hold any interest in Toro Energy Limited, OZ Minerals Limited, their associated parties, or in any of the mineral properties which are the subject of this report. Fees for the preparation of this report are being charged at Optiro's standard rates, whilst expenses are

reimbursed at cost. Payment of fees and expenses is in no way contingent upon the conclusions drawn in this report.

12.2. QUALIFICATIONS

The principal personnel responsible for the preparation and review of this report are Mrs Christine Standing (Principal) and Mr Ian Glacken (Principal) of Optiro.

Mrs Christine Standing [BSc (Hons) Geology, MAusIMM, MAIG] is a geologist with 29 years extensive experience in the exploration and mining industry. She has been consulting in resource estimation and generating independent experts' reports since 1988, and her skills include resource evaluation studies, grade control and reconciliation work. Christine is a Principal for Optiro in Perth and is involved in independent technical reviews, audits and valuations of exploration assets.

Mr Ian Glacken [BSc (Hons) Geology, MSc (Mining Geology), MSc (Geostatistics), FAusIMM (CP), CEng] is a geologist with 30 years experience worldwide in the mining industry. He specialises in resource audit and independent expert reports, and has in recent times compiled IGR reports for the IPO of Tusker Gold Ltd, the Finnish assets of Vulcan Resources Ltd and a report on the assets of Aditya Birla Ltd for an IPO, and has recently generated a report on the assets of two copper companies for a merger. Ian was formerly the Group General Manager Resources and Geology for a major consulting firm.

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14. GLOSSARY OF ABBREVIATIONS AND TECHNICAL TERMS

| Term | Explanation |
|--------------------------|---|
| Abbreviations | A\$ – Australian dollars, IOCG – iron oxide copper gold, km – kilometre, km ² – square kilometre, lb – pound, m – metre, M – million, t – tonnes, ppm – parts per million, , US\$ – United States dollars. |
| Chemical elements | O – oxygen, U - uranium. |
| amphibolites facies | Moderate to high temperature and low pressure regional metamorphic facies. Characterized by the presence of amphibole. |
| arenite (arenaceous) | Sandstone-like sedimentary rock. |
| banded iron formation | Iron formation that shows banding, generally of iron-rich minerals and chert or fine-grained quartz. |
| basalt | A fine grained igneous rock consisting mostly of plagioclase feldspar and pyroxene. |
| base metals | Copper, lead, zinc or tin, in general terms. |
| basement | In general terms, older rocks which are often covered by younger rocks. |
| diamond drilling | Drilling method which produces a cylindrical core of rock by drilling with a diamond tipped bit. |
| felsic | Silicate minerals, magmas, and rocks which are enriched in the lighter elements such as silica, oxygen, aluminium, sodium, and potassium. |
| geophysical survey | A survey that measures the physical properties of rock formations, commonly magnetism, specific gravity, electrical conductivity and radioactivity. |
| glaciogenic | Formed by the action of a glacier. |
| granite | A coarse grained intrusive felsic igneous rock. |
| gneiss | Metamorphosed igneous rocks or their equivalent. |

| Term | Explanation |
|-----------------------------|--|
| induced polarisation | Survey over an area involving the application of an electric or magnetic field and measurement of the decay of voltage in the earth when the field is switched off. |
| intrusive | A body of igneous rock formed by the consolidation of magma intruded into other rocks. |
| JORC Code | The JORC Code provides minimum standards for public reporting to ensure that investors and their advisers have all the information they would reasonably require for forming a reliable opinion on the results and estimates being reported. The current version is dated 2004. |
| komatiite/komatiitic | Ultramafic mantle-derived volcanic rocks. They have low SiO ₂ , low K ₂ O, low Al ₂ O ₃ , and high to extremely high MgO. Komatiites occur with other ultramafic and high-magnesian mafic volcanic rocks in Archaean greenstone belts. |
| lacustrine | Formed in a lake environment. |
| lapilli | Shards or fragments of volcanic rock. |
| magnetic geophysical survey | Survey over an area involving measurements of magnetic intensity of rocks in response to the earth's magnetic field. Different rock compositions show varying degrees of magnetic intensity, which can be used to infer changes in geology. |
| metasediment | A sediment or sedimentary rock that shows evidence of having being subjected to metamorphism. |
| metavolcanic | A volcanic rock that shows evidence of having subjected to metamorphism. |
| mineralisation | The process by which a mineral or minerals are introduced into a rock, resulting in a valuable deposit. |
| palaeochannel | An old river channel, now filled in and perhaps covered with later rocks. |
| pyrite | Iron sulphide (FeS ₂). |
| pyroclastic | A rock formed when small particles of magma are blown from the vent of a volcano by escaping gas. |
| radiometric survey | A survey pertaining to the measurement of geologic time by the study of parent and/or daughter isotopic abundances and known disintegration rates of the radioactive parent isotopes. |
| redox | interface between oxidising and reducing conditions. |
| resistivity | An electrical exploration survey in which current is introduced into the ground by two contact electrodes and potential differences are measured between two or more other electrodes. |
| roll-front | Roll-front uranium deposits are formed where groundwater in permeable sandstone or conglomerate encounters the interface between oxidising and reducing conditions. |
| sandstone | A sedimentary rock of sand size particles. |
| sedimentary | Rock forming process where material is derived from pre-existing rocks by weathering and erosion. |
| sediments | Loose, unconsolidated deposit of debris that accumulates on the Earth's surface. |
| stratiform | Having a layered structure. |
| tenement | A generic term for an exploration or mining licence or lease. |
| tholeite/tholeitic | A quartz rich basalt. |
| tillite | Sedimentary rock composed of compacted glacial till. |
| unconformity | A structural break in the geological profile representing unrecorded time. |
| VALMIN Code | The Code for the Technical Assessment and Valuation of Mineral and Petroleum Assets for Independent Expert Reports (2005). |
| volcanics | Rocks formed from the solidification of lava extruded on or erupted at the earth's surface. |

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 **For your vote to be effective it must be received by 2:00pm (Perth time) Saturday 11 February 2012**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,
or turn over to complete the form** →

Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

I/We being a member/s of Toro Energy Limited hereby appoint

the Chairman of the meeting **OR**

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the General Meeting of Toro Energy Limited to be held at The Terrace Lounge, Somerset St Georges Hotel, 185 St Georges Terrace, Perth, Western Australia on Monday, 13 February 2012 at 2:00pm (Perth time) and at any adjournment of that meeting.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

SPECIAL BUSINESS

| | For | Against | Abstain |
|---|--------------------------|--------------------------|--------------------------|
| Item 1 Termination of Varied Tenements Access Agreement | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name _____

Contact Daytime Telephone _____

Date / / _____